

# Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended.

Local Government Type <input type="checkbox"/> City <input type="checkbox"/> Township <input type="checkbox"/> Village <input checked="" type="checkbox"/> Other		Local Government Name <b>MANISTEE COUNTY</b>	County <b>MANISTEE</b>
Audit Date <b>9/30/04</b>	Opinion Date <b>12/16/04</b>	Date Accountant Report Submitted to State: <b>3/31/05</b>	

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the *Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan* by the Michigan Department of Treasury.

We affirm that:


1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.
2. We are certified public accountants registered to practice in Michigan.

We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, or in the report of comments and recommendations

You must check the applicable box for each item below.

- ☐ Yes ☒ No 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements.
- ☐ Yes ☒ No 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980).
- ☒ Yes ☐ No 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended).
- ☐ Yes ☒ No 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act.
- ☐ Yes ☒ No 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91], or P.A. 55 of 1982, as amended [MCL 38.1132]).
- ☐ Yes ☒ No 6. The local unit has been delinquent in distributing tax revenues that were collected for another taxing unit.
- ☐ Yes ☒ No 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during the year).
- ☐ Yes ☒ No 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241).
- ☐ Yes ☒ No 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95).

We have enclosed the following:	Enclosed	To Be Forwarded	Not Required
The letter of comments and recommendations.	✓		
Reports on individual federal financial assistance programs (program audits).	✓		
Single Audit Reports (ASLGU).	✓		

Certified Public Accountant (Firm Name) <b>WILSON WARD CPA FIRM</b>			
Street Address <b>PO BOX 205</b>	City <b>INTERLOCHEN</b>	State <b>MI</b>	ZIP <b>49643</b>
Accountant Signature 		Date <b>3/31/05</b>	

MANISTEE COUNTY  
MANISTEE, MICHIGAN

AUDIT REPORT

For the Year Ended  
September 30, 2004

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December 23, 2004

Mr. Thomas D. Kaminski  
County Administrator  
Manistee County  
Manistee, MI 49660

Dear Mr. Kaminski:

The primary purpose of this letter is to prepare, for management, information which delineates those items encountered during the course of the audit which were either not related to the financial, internal control and compliance reports or were not material enough to comment on relative to them. However, these items might be significant when viewed from a management perspective or in the longer term. This letter is intended only for the use of management and any other parties not informed of these matters might misconstrue their meanings.

Our Responsibility under Generally Accepted Auditing Standards

Our responsibility, as described by professional standards, is to plan and perform our audit to obtain reasonable, but not absolute, assurance that the financial statements are free of material misstatement and are fairly presented in accordance with general accepted accounting principles. Because of the concept of reasonable assurance and because we did not perform a detailed examination of all transactions, there is a risk that material errors, irregularities, or illegal acts, including fraud and defalcations, may exist and not be detected by us.

As part of our audit, we considered the internal control structure of Manistee County. Management has the responsibility for adopting sound accounting policies, for maintaining an adequate and effective system of accounts, for safeguarding assets and for maintaining the structure of the internal control system to help assure the proper recording of transactions. Our consideration of the system of internal control was solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control structure.

Significant Accounting Policies

Management has the responsibility for selection of appropriate accounting policies. In accordance with the terms of our engagement, we will advise management of the appropriateness of the accounting policies and their application. The significant accounting policies used by Manistee County are listed in Note B. No new accounting policies were adopted and the application of existing policies was not changed during the fiscal year. We noted no transactions entered into by Manistee County during the year that were both significant and unusual, and of which, under professional standards, we are required to inform you, of transactions for which there is a lack of authoritative guidance or consensus.

## Management Judgements and Accounting Estimates

Some accounting estimates are utilized in financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. Our conclusions regarding the reasonableness of the estimates are based on reviewing and testing the historical data provided by management and using this data to compute the liability.

## Significant Audit Adjustments

For purposes of this letter, professional standards define a significant audit adjustment as a proposed correction of the general purpose financial statements that, in our judgment, may not have been detected except through our auditing procedures. These adjustments may include those proposed by us but not recorded by Manistee County that could potentially cause future financial statements to be materially misstated, even though we have concluded such adjustments are not material to the current financial statements. Our audit adjustments, individually and in the aggregate, have a significant effect on the financial reporting process.

The County Commission continues to do an excellent job of addressing the financial accountability within the County. The updates to GASB 34 and the change of fiscal year are examples of the forward thinking of the County

The following are comments on items noted during the audit with recommendations for correction:

COMMENT: The internal control over accounts receivable and cash is improved in the District Court. The resultant increased collections are a by product of this emphasis. This area has really improved dramatically.

COMMENT: It is imperative that the Treasurers Office keep all personnel informed concerning any situations which arise and have a potential impact.

RECOMMENDATION: Additional security can be obtained physically within the office. Efforts must be made to insure that the controls, physical and internal are upgraded. This includes additional attention to software applications involving cash with particular emphasis on tax collections. Continue to review various application software with the goal of having the best integrated software available.

COMMENT: Once again the status of the accounting system has become an issue.

RECOMMENDATION: When a system is so broke that the control figures are out of balance and the General Fund is out of balance, it is an indication that there continue to be some serious faults within the system. This issue should be addressed.

Again, it is important to remember that this report is for information only and provided to management with the intent to improve management practices within Manistee County.

Sincerely,

A handwritten signature in black ink that reads "David E. Wilson". The signature is written in a cursive, flowing style.

David E Wilson, CPA

MANISTEE COUNTY, MICHIGAN

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# FINANCIAL SECTION

REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL  
REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED  
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the County Commission  
Manistee County, Michigan

We have audited the general purpose financial statements of the Manistee County, Michigan as of and for the year ended September 30, 2004, and have issued our report thereon dated December 16, 2004. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Compliance**

As part of obtaining reasonable assurance about whether Manistee County, Michigan's general purpose financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered Manistee County, Michigan's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the general purpose financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the general purpose financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that we have reported to management of the Manistee County, Michigan, in a separate letter dated December 16, 2004.

This report is intended solely for the information and use of the management, others within the organization, the Board, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

*Wilson Ward CPA Firm*

Interlochen, MI  
December 16, 2004

REPORT ON COMPLIANCE WITH REQUIREMENTS  
APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL  
OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

The Board of Commissioners  
Manistee County  
Manistee, Michigan

Compliance

We have audited the compliance of Manistee County, Michigan, with the types of compliance requirements described in the U. S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the year ended September 30, 2004. Manistee County, Michigan's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of Manistee County, Michigan's management. Our responsibility is to express an opinion on Manistee County, Michigan's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Manistee County, Michigan's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on Manistee County, Michigan's compliance with those requirements.

In our opinion, Manistee County, Michigan, complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended September 30, 2004.

Internal Control Over Compliance

The management of Manistee County, Michigan, is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered Manistee County, Michigan's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on the internal control over compliance in accordance with OMB Circular A-133.



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Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of the audit committee, management, others within the organization, City Council, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

*Wilson Ward CPA Firm*

Interlochen, Michigan  
December 16, 2004

# GENERAL PURPOSE FINANCIAL STATEMENTS

## INDEPENDENT AUDITOR'S REPORT

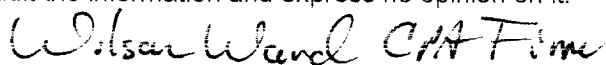
To the County Commission  
Manistee County, Michigan

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Manistee County, Michigan as of and for the year September 30, 2004, which collectively comprise Manistee County, Michigan's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Manistee County, Michigan's management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall general purpose financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective of the governmental activities, the business type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Manistee County, as of September 30, 2004, and the respective changes in financial position and cash flows, where applicable, thereof and the budgetary comparison for each major fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The management discussion and analysis and required budgetary comparison information identified in the table of contents, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.



Interlochen, MI  
December 16, 2004

## Management's Discussion and Analysis

As management of Manistee County, Michigan we offer the readers of the Manistee County financial statements this narrative overview and analysis of the financial activities of the County for the fiscal year ended September 30, 2004. We encourage readers to consider the information presented here in conjunction with additional information that is furnished in the financial statements and notes to the financial statements.

### Financial Highlights

- The assets of Manistee County exceeded its liabilities at the close of fiscal year 2004 by \$5,629,621. Of this amount \$ 955,946 may be used to meet the government's ongoing obligations to citizens and creditors.
- At September 30, 2004 the County's governmental funds reported a combined fund balance of \$2,088,769.
- At September 30, 2004, unreserved fund balance for the general fund was \$371,143 or 4% of the general fund expenditures. This was no change in fund balance from the prior year.
- Total long term debt in the Governmental Activities decreased by \$184,600 from the prior fiscal year.

### Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the County financial statements. The County basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

**Government-wide financial statements.** The *government-wide financial statements* are designed to provide readers with a broad overview of the County finances, in a manner similar to a private-sector business.

The *statement of net assets* presents information on all of the County's assets and liabilities, with the difference between the two reported as *net assets*. Over time, increases and decreases in net assets may serve as a useful indicator of whether the financial position of the County is improving or deteriorating.

The *statement of activities* presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g. accrued interest expense).

Both of the government-wide financial statements distinguish functions of the County that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the County include legislative, judicial, general government, public safety, and health. The business-type activities of the County include delinquent property tax collection, and Medical Care Facility.

The government-wide financial statements include not only the County itself (known as the *primary government*), but also legally separate component units for which the County is financially accountable. Financial information for *component units* is reported separately from the financial information presented for the primary government itself.

The government-wide financial statements can be found on pages 13-14 of this report.

**Fund financial statements.** A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The County, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the County can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

**Governmental funds.** *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as *on balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement on revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The County maintains many individual government funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, central dispatch E911, each of which are considered to be major funds. Data from the other governmental funds are combined into

a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of *combining statements* elsewhere in this report.

The County adopts an annual appropriated budget for its general, special revenue and debt service funds. Budgetary comparison statements or schedules have been provided herein to demonstrate compliance with those budgets.

The basic governmental fund financial statements can be found on pages 15-16 of this report.

**Proprietary funds.** The County maintains two different types of proprietary funds. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The County uses enterprise funds to account for its information services contracts, assessing and mapping activities,, and delinquent taxes. *Internal service funds* are an accounting device used to accumulate and allocate costs internally among the various County functions. The County uses internal service funds to account for its self insurance, mental health self insurance and motor pool activities. Because these services predominately benefit governmental rather than business-type functions, they have been included within governmental activities in the government-wide financial statements.

The basic proprietary fund financial statements can be found on pages 59-61 of this report.

**Fiduciary funds (Trust and Agency).** Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are *not* reflected in the government-wide financial statements because the resources of those funds are *not* available to support the County's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

The basic fiduciary fund financial statements can be found on page 18 of this report.

**Notes to the financial statements.** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 23-42 of this report.

**Other information.** The combining statements referred to earlier in connection with nonmajor governmental funds are presented immediately following the notes to the financial statement. Combining and individual fund statements and schedules can be found on pages 45-74 of this report.

### **Government-wide Financial Analysis**

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the County, assets exceeded liabilities by \$5,629,621 at the close of the most recent fiscal year. A large portion of the County's net assets reflects its investment in capital assets (e.g., land, buildings, vehicles, equipment and infrastructure), less any related debt used to acquire those assets that is still outstanding. The County uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the County's investment in its capital assets is reported net of related debt, it should be noted that the resources

needed to repay the debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

### **Net Assets**

The County uses capital assets to provide services to citizens; consequently, these assets are not available for future spending. Investment in capital assets, net of related debt, is 72% of total net assets. An additional portion of the County's net assets (16%) represents resources that are subject to external restrictions on how they may be used. Restricted net assets are those net assets that have constraints placed on them by either: a) externally imposed by creditors, grants, contributors, or laws or regulations of other governments; or b) imposed by law through constitutional provisions or enabling legislation. Enabling legislation authorizes the government to assess, levy, charge, or otherwise mandate payment of resources and includes a legally enforceable requirement that those resources be used only for the specific purpose stipulated in the legislation. All such assets (except for assets invested in capital assets, net of related debt) are considered restricted or unrestricted. The smallest portion of the County's net assets (12%) are unrestricted net assets. These net assets may be used to meet the government's ongoing obligations to citizens and creditors.

See the following two pages for financial information on net assets.

### **Governmental Activities**

Governmental Activities include:

- Legislative activities - Expenditures related to the Board of Commissioners and high-level administrative expenditures.
- Judicial activities - Expenditures related to the administration of Circuit, District, and Probate/Family Courts and Court Probation units.
- General government activities - Expenditures related to the support departments of the County such as Administration, Human Resources, Treasury, Information Services, Facilities Management, and Finance.
- Public safety - Expenditures related to the Sheriff's Administration and Road Patrol and County Corrections services.
- Health - Expenditures related to public health services such as immunization, solid waste, child care, Medical Examiner, and housing assistance programs.

### **Business Type Activities**

Business Type Activities include:

- Delinquent tax revolving fund - This fund was established as a means to provide the local governments within the County's jurisdiction with 100% of the property tax distributions owed to them annually. The County then acts as the collection agency for the outstanding delinquent taxes. Current policy is to maintain cash and investments to fund 100% of the prior year's delinquent tax settlement.

## **Financial Analysis of the Government's Funds**

As noted earlier, the County uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

**Governmental funds.** The focus of the County *governmental fund statements* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the County financing requirements. In particular, *unreserved fund balance* may serve as a useful measure of the government's net resources available for spending at the end of the fiscal year. Unreserved fund balance represented 4% of annual government expenditures in 2004.

**Priority funds.** The County proprietary funds provide the same type of information found in the government wide financial statements, but in more detail.

Other factors considering the finances of these funds have been addressed in the discussion of the County's business-type activities.

## **General Fund Budgetary Highlights**

Amended budgetary expenditures differed from the originally adopted budget mainly for the following reasons:

- District Court revenues were increased due to additional Cost, Fines, and ordinance revenues.
- FOC revenues were amended based on the projections from Maximus for CRP revenue.
- Register of Deeds revenue was increased for anticipated revenue from oil and gas lease fees charged by this department.
- The General Services Budget was reduced due to decreases in Contingencies (\$54,000).
- The Friend of the Court budget was increased by \$136,266 because of the addition of budgeting two staff that had been previously paid by Benzie County. Also a large increase in the Family Counseling contract was a factor. This is also reflected on the revenue side as mentioned above.
- The data processing budget was increased by \$64,224 and the funds transferred to the Technology Fund for the purchase of a new accounting system in FY 2004-05.
- The Jail Budget was increased due to a \$49,179 projected increase in inmate medical costs.
- The Insurance and Bonds budget was increased by \$47,672 in order to increase the loss fund by \$50,000.

Significant budget variances existed between the final amended budget and actual amounts. Major variations are summarized as follows:

- There were open positions for most of the year in the Equalization Department, Animal Control and Planning Department.

## **Capital Asset and Debt Administration**

- **Capital assets** - a capital asset is an asset whose cost exceeds \$5,000 and useful life is greater than two years. Included in the cost of a capital asset are items such as labor and



freight and any other costs associated with bringing the asset into full operation. Assets are depreciated using the straight-line method over the course of their useful lives.

We concluded construction on the Courthouse Renovation Project in 2002. The original budget for this project was 1.9 million dollars but with cost overruns and change orders, the final cost was approximately 2.9 million. The project was done to provide better working conditions for the employees of Manistee County and foremost, to somewhat separate the governmental offices from the courts. This was done primarily for security measures, and to benefit the public that uses our facility.

- **Debt administration** - debt incurred in the course of constructing or acquiring a capital asset is recorded and paid for from a debt service fund.

The County has three general obligation bonds for their major capital projects this year. The first twenty-year bond issue took place in 1990 for the construction of a new Jail. The second bond issue took place in 1999 for 1.375 million dollars and was for the first phase of the Courthouse renovation. A third bond issue took place in 2000 for \$825,000 and was for phase two of the Courthouse renovation.

### **Economic Factors and Next Year's Budgets and Rates**

- The taxable value of commercial, residential, and personal property increased 6.09% in the 2004 fiscal year.

Manistee County has enjoyed slow but steady economic growth during the last several years, despite the broader economic climate. We attribute much of our County's growth to its close proximity to the Michigan Lakeshore and the addition of a new casino. The County anticipates slow economic growth to continue throughout 2005 and even into 2006. Despite this good news, as with all counties in Michigan, Manistee County is being hit hard by State and Federal budget cuts. This combined with expenses rising at a rate faster than revenue, our 2006 budget projections reflect an anticipated operating deficit depending on several factors such as the rising cost of health insurance for county employees. However, the County is currently taking measures to contain this cost.

### **Requests for Information**

This financial report is designed to provide a general overview of the County finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Budget and Finance Department, Manistee County, Michigan, 415 Third Street, Manistee, MI 49660. Additional information can be found at our website at [www.manisteecounty.net](http://www.manisteecounty.net)

Manistee County  
Government Wide  
Statement of Net Assets  
September 30, 2004

	Governmental Activities	Business-type Activities	Total	Component Units
<b>ASSETS</b>				
Cash and cash equivalents	\$2,218,792	\$38,280	\$2,257,072	\$4,534,518
Investments		1,506,678	1,506,678	100,000
Receivables (net)	1,028,484	624,268	1,652,752	1,098,638
Internal balances	128,611	96,768	225,379	358,852
Inventories		0	0	330,346
Capital Assets, net	6,359,915	2,724,642	9,084,557	20,334,442
<b>Total Assets</b>	<b>9,735,802</b>	<b>4,990,636</b>	<b>14,726,438</b>	<b>26,756,796</b>
<b>LIABILITIES</b>				
Accounts payable	185,701	457,316	643,017	
Deferred revenue	967,980		967,980	
Other Current Liabilities	133,437	233,095	366,532	1,649,882
Current Portion of LTD	190,000		190,000	
Noncurrent liabilities				
Accrued Compensated Absences	246,663	725,943	972,606	
Due in more than one year	2,382,400		2,382,400	4,743,357
<b>Total Liabilities</b>	<b>4,106,181</b>	<b>1,416,354</b>	<b>5,522,535</b>	<b>6,393,239</b>
<b>NET ASSETS</b>				
Invested in capital assets, net of related debt	3,787,515	1,372,326	5,159,841	18,199,581
Restricted for:				
Capital projects	886,160	1,293,457	2,179,617	3,128,727
By Donors		58,859	58,859	0
Debt Service			0	
Other				
Unrestricted (deficit)	955,946	849,640	1,805,586	(964,751)
<b>Total Net Assets</b>	<b>5,629,621</b>	<b>3,574,282</b>	<b>9,203,903</b>	<b>20,363,557</b>

The footnotes are an integral part of these Financial Statements.

Manistee County  
Government Wide  
Statement of Activities  
For Year Ended September 30, 2004

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Assets		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributing	Primary Government		Component Units
					Governmental Activities	Business-type Activities	
Primary Government							
Governmental activities:							
General Government	\$4,631,307	\$1,498,868	\$563,926		(\$2,568,513)	(\$2,568,513)	
Public Safety	4,173,573		166,892		(4,006,681)	(4,006,681)	
Public Works					0	0	(2,046,954)
Health and Recreation	1,218,006				(1,218,006)	(1,218,006)	
Community and Economic Development					0	0	
Recreation and Culture	12,750				(12,750)	(12,750)	(1,152,417)
Payment on Debt	145,000				(145,000)	(145,000)	
Total Government Activities	10,180,636	1,498,868	730,818	0	(7,950,950)	0	(3,199,371)
Business Type Activities							
Medical Care Facility	6,953,780	6,549,917	0	0		(403,863)	(403,863)
Total Primary Government	17,134,416	8,048,785	730,818	0		(403,863)	(8,354,813)
Component Units							
Library	1,239,450	16,830	70,203				(1,152,417)
Road Commission	7,265,583	680,616	4,538,013	0			(2,046,954)
Total Component Units	8,505,033	697,446	4,608,216	0	0		(3,199,371)
General revenues:							
Taxes							
Property Taxes-General					5,237,680	374,421	5,612,101
Property Taxes-Debt Service							780,921
State-Shared Revenues					21,000	205,372	226,372
Unrestricted Investment Earnings					32,754	12,295	45,049
Franchise taxes							359,006
Miscellaneous					2,550,791	337,871	2,888,662
Transfers					198,588	198,588	1,123,420
Total General Revenues-Special Items and Transfers					8,040,813	929,959	8,970,772
Changes in Net Assets					89,863	526,096	615,959
Net Assets - Beginning					5,539,758	3,048,186	8,587,944
Net Assets - Ending					\$5,629,621	\$3,574,282	\$9,203,903
							\$20,363,557

The footnotes are an integral part of these Financial Statements.

Manistee County  
Governmental Fund Balance Sheet  
Year Ended September 30, 2004

	General Fund	911 Central Dispatch	Non Major Governmental Funds	Total Governmental Funds
<b>ASSETS</b>				
Cash and Investments	\$678,118	\$826,333	\$714,341	\$2,218,792
Receivables:				
Taxes - Current	0		0	0
Taxes - Delinquent	0		0	0
Accounts Receivable	729,307		299,177	1,028,484
Due From Other Funds	0		0	0
Prepaid Expenses	57,006		0	57,006
Other Assets	0		71,605	71,605
Property, Plant & Equipment (Net)	0		0	0
Amount to be Provided for:				
Compensated Absences	0	0	0	0
Retirement of Long-term Debt	0		0	0
<b>TOTAL ASSETS</b>	<b>1,464,431</b>	<b>826,333</b>	<b>1,085,123</b>	<b>3,375,887</b>
<b>LIABILITIES</b>				
Due to State	0		0	0
Other Trust Items Payable	0		0	0
Deferred Revenue	886,160		81,820	967,980
Compensated Absences	0	0	0	0
Notes Payable	0		0	0
General Obligation Bonds Payable	0		0	0
Accounts Payable	130,985	12,032	42,684	185,701
Other Liabilities	76,143		57,294	133,437
Maintenance of Effort	0		0	0
Due to Other Funds	0		0	0
Due to Other Govt. Units	0		0	0
<b>TOTAL LIABILITIES</b>	<b>1,093,288</b>	<b>12,032</b>	<b>181,798</b>	<b>1,287,118</b>
<b>FUND EQUITY</b>				
Contributed Capital	0			
Investment in Fixed Assets	0			
Fund Balance				
Reserved	886,160		0	886,160
Unreserved	(515,017)	814,301	903,325	1,202,609
<b>TOTAL FUND EQUITY</b>	<b>371,143</b>	<b>814,301</b>	<b>903,325</b>	<b>2,088,769</b>
<b>TOTAL LIABILITIES &amp; FUND EQUITY</b>	<b>\$1,464,431</b>	<b>\$826,333</b>	<b>\$1,085,123</b>	<b>\$3,375,887</b>

The footnotes are an integral part of these Financial Statements.

Manistee County  
Governmental Fund Statement of Revenue, Expenditures, and Changes in Fund Balance  
Year Ended September 30, 2004

	General Fund	911 Central Dispatch	Non Major Governmental Funds	Total Governmental Funds
<b>REVENUES</b>				
Taxes & Penalties	\$4,265,907	\$867,724	\$104,049	\$5,237,680
Licenses & Permits	873	0	0	873
Contracts and Grants	0	0	0	0
Federal Grants	584,926	0	88,893	673,819
State Grants	819,804	0	524,059	1,343,863
Local Contributions	166,897	0	96,282	263,179
Charges for Service	1,498,868	0	0	1,498,868
Fines & Forfeits	0	0	7,000	7,000
Interest and Rentals	30,253	2,473	28	32,754
Other Revenue	261,094	74,521	678,260	1,013,875
Total Revenues	7,628,622	944,718	1,498,571	10,071,911
<b>EXPENDITURES</b>				
Current				
Legislative	70,525	0	0	70,525
Judicial	1,985,614	0	0	1,985,614
General Government	1,944,139	0	0	1,944,139
Public Safety	2,175,906	644,162	1,353,505	4,173,573
Health and Welfare	763,713	0	454,293	1,218,006
Public Works	0	0	0	0
Cultural and Recreation	12,750	0	0	12,750
Other	272,872	0	184,593	457,465
Payment on Debt	0	45,000	100,000	145,000
Total Expenditures	7,225,519	689,162	2,092,391	10,007,072
Excess (Deficiency) of Revenues over Expenditures	403,103	255,556	(593,820)	64,839
<b>OTHER FINANCING SOURCES (USES)</b>				
Proceeds from Debt	0	0	0	0
Operating Transfers In	365,946	0	611,291	977,237
Operating Transfers Out	(769,049)	0	(9,600)	(778,649)
Sale of Assets	0	0	0	0
Total Other Financing Sources (Uses)	(403,103)	0	601,691	198,588
Excess (Deficiency) of Revenues and Other Sources over Expenditures and Other Uses	0	255,556	7,871	263,427
Fund Balance, October 1	371,143	558,745	895,454	1,825,342
Prior Period Audit Adjustment	0	0	0	0
Fund Balance, September 30	\$371,143	\$814,301	\$903,325	\$2,088,769

The footnotes are an integral part of these Financial Statements.

Manistee County  
Reconciliation Report - GASB 34  
Year Ended September 30, 2004

Fund Balances on the Balance Sheet on Government Balance Sheet  
to Net assets of Governmental Activities on the Statement of Net Assets

Fund Balances on the Balance Sheet	2,088,769
Increase in Assets not booked in Government Balance Sheet	6,359,915
Decrease in Long Term Debt	(190,000)
Compensated Absences All Recorded	(246,663)
Long Term Debt Recorded	<u>(2,382,400)</u>
Total Net Assets	5,629,621

Reconciliation of the Statement of Revenues, Expenditures and Changes  
in Fund Balances of Governmental Funds to the Statement of Activities

Excess(Deficiency) of Revenues	263,427
Capital Outlays in Governmental added to Assets in Statement of Activities	0
Repayment of Bond Principal is an expenditure in the government funds where it is as reduction in Long Term Debt	190,000
Depreciation is recorded in the Statement of Activities with the offset to accumulated depreciation in the Net Assets.	(357,633)
Increases in compensated absences are recorded when earned in the Statement of Activities	<u>(5,931)</u>
Total Changes in Statement of Activities	89,863

**MANISTEE COUNTY, MICHIGAN**  
**COMBINING STATEMENT OF CHANGES IN ASSETS & LIABILITIES**  
**ALL AGENCY FUNDS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2004**

	Balance October 1, 2003	Increase	Decrease	Balance September 30, 2004
Cash	\$2,958,684	\$0	(\$700,283)	\$3,658,967
Due From General Fund	0	0	0	0
<b>Total Assets</b>	<b>2,958,684</b>	<b>0</b>	<b>(700,283)</b>	<b>3,658,967</b>
<u>District Court Fund</u>				
Court order payable	1,496	0	1,761	(265)
<u>Trust and Agency Fund</u>				
Trust Payables	423	68,106	0	68,529
Due to Local Units	350,665	0	(198,735)	549,400
Due to Federal Government	36,857	(36,857)	0	0
Due to State	798,719	441,117	0	1,239,836
Undistributed Tax Collections	23,444	0	4,635	18,809
Court Orders Payable	16,773	0	10,799	5,974
Casino Distribution	1,442,507	0	(168,155)	1,610,662
Other Trust Items	287,800	(121,778)	0	166,022
<b>Total Liabilities</b>	<b>\$2,958,684</b>	<b>\$350,588</b>	<b>(\$349,695)</b>	<b>\$3,658,967</b>

The footnotes are an integral part of these Financial Statements.

**MANISTEE COUNTY, MICHIGAN**

## Statement of Net Assets

## Component Units

September 30, 2004

	Library	Road Commission	Total Component Units
	09/30/04	09/30/04	09/30/04
<b>ASSETS</b>			
Current			
Cash and Investments	\$430,843	\$4,103,675	\$4,534,518
Investments	0	100,000	100,000
Accounts Receivable	161,722	934,790	1,096,512
Property Taxes Receivable	2,126	0	2,126
Inventories	0	330,346	330,346
Due From Other Funds	0	0	0
Prepaid Expenses	0	358,852	358,852
Deferred Compensation Plan Assets	0	0	0
Other Assets	0	0	0
Construction in Progress	0	1,883,594	1,883,594
Property, Plant & Equipment (Net)	0	0	0
Compensated Absences	0	0	0
Non-Current			
Capital Assets	2,032,097	37,273,957	39,306,054
Accumulated Depreciation	(1,129,211)	(19,725,995)	(20,855,206)
Total Assets	1,497,577	25,259,219	26,756,796
<b>LIABILITIES</b>			
Liabilities			
Current Liabilities	389,316	1,260,566	1,649,882
Non-Current	16,118	4,727,239	4,743,357
Total Liabilities	405,434	5,987,805	6,393,239
<b>NETS ASSETS</b>			
Invested in Capital Assets-- Net of Related Debt	902,886	17,296,695	18,199,581
Restricted for			
Contributed Capital	11,607	3,117,120	3,128,727
Unreserved			
TES Litigation	15,000	0	15,000
Short Term Disability	14,237	0	14,237
Sick Leave	21,118	0	21,118
Gifts and Bequests	74,464	0	74,464
Unrestricted	52,831	(1,142,401)	(1,089,570)
Total Net Assets	\$1,092,143	\$19,271,414	\$20,363,557

The footnotes are an integral part of these Financial Statements.



Statement of Activities-- Component Units  
September 30, 2004

Functions/Programs	Revenues			Net (Expense) Revenue and Changes in Net Assets		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Library	Road Commission
<b>Library</b>						
General Government					\$0	\$0
Public Safety					0	0
Public Works					0	0
Health and Welfare					0	0
Culture and Recreation	1,239,450	16,830	70,203		(1,152,417)	(1,152,417)
Interest on Long Term Debt					0	0
Depreciation					0	0
Total Library	1,239,450	16,830	70,203	0	(1,152,417)	(1,152,417)
<b>Road Commission</b>						
Public Works	7,265,583	680,616	4,538,013	0 *		(2,046,954)
Total Component Units	\$8,505,033	\$697,446	\$4,608,216	\$0	(\$1,152,417)	(\$2,046,954)
						(\$3,199,371)
<b>General Revenues</b>						
Property Tax					780,921	780,921
Charges For Services					0	0
Grants and Contributions					0	0
Unrestricted Interest and Investments Earnings					5,212	353,794
Penal fines					303,565	0
Other					0	816,225
Gains or Sale of Capital assets					3,630	0
Total General Revenues					1,093,328	1,170,019
						2,263,347
Impairment Gain on Fire Damaged Capital Assets					60,685	60,685
Contribution to MCCF Endowment Fund					(50,000)	(50,000)
Change in Net Assets					(48,404)	(876,935)
Net Assets-- Beginning					1,140,547	20,148,349
Net Assets-- Ending					\$1,092,143	\$19,271,414
						\$20,363,557

The footnotes are an integral part of these Financial Statements.

**MANISTEE COUNTY, MICHIGAN**  
**COMBINING BALANCE SHEET**  
**DISCRETELY PRESENTED COMPONENT UNITS**  
September 30, 2004

	Library 09/30/04	Road Commission 09/30/04	Total 09/30/04
<b>ASSETS</b>			
Cash and Investments	\$430,843	\$116,691	\$547,534
Investments		100,000	100,000
Accounts Receivable	114,171	934,790	1,048,961
Property Taxes Receivable	2,126		2,126
Inventories		330,346	330,346
Due From Other Funds			0
Prepaid Expenses		358,852	358,852
Deferred Compensation Plan Assets			0
Other Assets			0
Construction in Progress			0
Property, Plant & Equipment (Net)			0
Compensated Absences		0	0
Total Assets	547,140	1,840,679	2,387,819
<b>LIABILITIES &amp; FUND BALANCE</b>			
Liabilities			0
Current Liabilities	78,522	250,049	328,571
Accrued Expenses	302,519	0	302,519
Total Liabilities	381,041	250,049	631,090
Fund Balance			
Contributed Capital	0	330,346	330,346
Capital Projects	11,607		11,607
TES Litigation	15,000		15,000
Short Term Disability	14,237		14,237
Sick Leave	21,118		21,118
Gifts and Bequests	74,464		74,464
Unreserved	29,673	1,260,284	1,289,957
Total Fund Balance	166,099	1,590,630	1,756,729
Total Liabilities and Fund Balance	\$547,140	\$1,840,679	\$2,387,819

The footnotes are an integral part of these Financial Statements.

**MANISTEE COUNTY, MICHIGAN**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES & CHANGES IN FUND BALANCE**  
**DISCRETELY PRESENTED COMPONENT UNITS**  
September 30, 2004

	Library 09/30/04	Road Commission 09/30/04	Total 09/30/04
Revenues:			
Contracts and Grants	\$0	\$0	\$0
Property Tax	789,196		789,196
Penal Fines	256,014		256,014
State Grants	25,940	4,881,380	4,907,320
Federal Grants	0	0	0
Charges For Services	9,105	47,397	56,502
Local Contributions	44,263	353,794	398,057
Interest And Rental	5,212	652,295	657,507
Other Revenues	11,355	415,240	426,595
Insurance Proceeds	75,665	21,870	97,535
Total Revenues	1,216,750	6,371,976	7,588,726
Expenditures:			
Public Works		5,749,729	5,749,729
Capital Outlay	162,122	724,380	886,502
Public Services	1,401,574		1,401,574
Depreciation		0	0
Total Expenditures/Expenses	1,563,696	6,474,109	8,037,805
Excess (Deficiency) of Revenue Over Expenditures	(346,946)	(102,133)	(449,079)
Fund Balance/Retained Earnings-Beg	513,045	1,693,063	2,206,108
Prior Period Adj	0		0
Fund Balance/Retained Earnings	\$166,099	\$1,590,930	\$1,757,029

The footnotes are an integral part of these Financial Statements.

MANISTEE COUNTY  
MANISTEE COUNTY, MICHIGAN  
NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS  
September 30, 2004

A. REPORTING ENTITY

The County Board of Commissioners, a seven member group, is the level of government which has governance responsibilities over all activities related to the county government jurisdiction of Manistee County. The Board receives funding from local, state and federal government sources and must comply with the requirements of these funding source entities. However, the Board is not included in any other governmental "reporting entity" since board members are elected by the public and have decision making authority, the power to designate management, the responsibility to significantly influence operations and primary accountability for fiscal matters.

In accordance with generally accepted accounting principles and Governmental Accounting Standards Board (GASB) Statement No. 14 "The Financial Reporting Entity", these financial statements present Manistee County (primary government) and its component units. The criteria established by the GASB for determining the reporting entity includes:

- a) oversight responsibility
- b) fiscal dependency
- c) whether the financial statements would be misleading if data were included.

Component units are legally separate organizations for which the elected officials of the primary government are financially accountable. The method of reporting financial data of component units in a column separate from the financial data of the primary government is referred to as discrete presentation.

The component unit should be included in the reporting entity financial statements using the blending method in either of the following circumstances: a) The component unit's governing body of the primary unit and b) the component unit provides services entirely, or almost entirely to the primary government or otherwise exclusively, or almost exclusively, benefits the primary government even though it does not provide services directly to it. The activities have been measured by the standards listed above with the following units being reported as component units with condensed financial statements for those which are discreetly presented.

BLENDING COMPONENT UNITS

Medical Care Facility

This is a component unit of government of the County and has been included as such. This unit of government is controlled by an independent board which includes two county appointees and one state appointee. No money, other than MOE, is derived from the County and the majority comes from billings and fees paid by State and local agencies. The Medical Care Facility board cannot borrow money or levy taxes without the approval of the County. The information is taken from the year ending September 30, 2004 audited financial statements audited by other auditors which can be seen at the Manistee County Treasurer's Office.

#### Manistee Area 9-1-1/Central Dispatch

This is a component unit of government of the County and has been included as a blended presentation. This unit serves multiple government and private agencies while deriving no financial support directly from other agencies. The reasons for the blended presentation is that while this unit is neither economically dependent nor is it exclusively used by County government, it provides a service which would otherwise be required by the primary government. The unit can neither levy a tax or borrow funds without County approval. The information is taken from the September 30, 2004 year end audited financial statements and can be seen at the Manistee County Treasurer's Office.

#### Manistee County Building Authority

This is a component unit of government of the County and has been included here as such. However, all expenses to include interest and principal are costs to the County per se and as such are not reported a second time. Therefore, the only reportable amounts which concern this unit are transfers in and out which are negated when the units are combined. See also notes on Long Term Debt.

#### Manistee/Blacker Airport Authority

The county was a member of a joint venture in the Manistee/Blacker Airport Authority. This is, however, an independent authority which is supported through fees and rents as well as support from Manistee County. During the year ended September 30, 2004 it was determined that in accordance with the criteria established by the County, the Airport authority shall be financially presented as a blended component unit.

The number of units participating is not limited, but rather is set up under Act 206 of the Public Acts of 1957. No control is exercised by the County over the Airport Authority. Each unit appoints two members with three additional members coming at large. The Advisory Board is responsible for adopting an annual budget.

#### DISCRETELY PRESENTED COMPONENT UNITS

##### Manistee County Library

The Library is a component unit of County government. It is governed by a five member board. The Library prepares its financial statements on the modified accrual basis. In accordance with Michigan Department of Treasury Letter, the Library is reported as a discreet presentation. The information is taken from the September 30, 2004 year end audited financial statements audited by other auditors which can be seen at the Manistee County Treasurer's Office.

#### Condensed Balance Sheet

Assets	\$ 547,140
Total Assets	<u>\$ 547,140</u>
Liabilities	\$ 381,041
Fund Balance	<u>\$ 166,099</u>
Total Liabilities and Fund Balance	<u>\$ 547,140</u>

#### Condensed Statement of Revenues, Expenses and Changes in Fund Balance

Revenues	\$ 1,216,750
Current Expenditures	<u>\$ 1,563,696</u>
Loss	<u>\$ 346,946</u>

### Manistee County Road Commission

The County Road Commission, which is established pursuant to county road law (MCL 224.1), is governed by an appointed three member Board of County Road Commissioners. The Road Commission may not issue debt or levy a tax without approval of the County Board of Commissioners. If approval is granted, Road Commission taxes are levied under the taxing authority of the County, as approved by the county electors, and would be included as part of the County's total tax levy as well as reported in the County Road Fund. The information is taken from the September 30, 2004 year end audited financial statements which can be seen at the Manistee County Treasurer's Office.

#### Condensed Balance Sheet

Assets	\$5,827,663
Property Plant & Equipment (Net)	<u>19,431,556</u>
Total Assets	\$25,259,219
Current Liabilities	\$ 1,119,916
Bonds and Other Long Term Liabilities	4,867,889
Net Assets	<u>19,271,414</u>
Total Liabilities and Net Assets	\$25,259,219

#### Condensed Statement of Revenues, Expenses and Changes in Fund Balance

Revenues	\$ 6,388,648
Current Expenditures	<u>7,265,583</u>
Excess Revenue	<u>\$ (876,935)</u>

### Manistee County Transportation, Inc.

This entity is set up as and operated as an independent not-for-profit corporation, incorporated in the State of Michigan. In addition, there is a total separation of fiscal control or responsibility by Manistee County and the Governing board operates as an independent entity. The services provided do not fit into the category of "exclusively" used by the primary government. This entity is therefore being excluded based on the above.

#### B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities which rely, to a significant extent, on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include: (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment; and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenue.

Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

Revenues and Expenses are recognized on the accrual basis using the economic resources measurement focus. Based on Governmental Accounting Standards Board (GASB) Statement No. 20 *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities that Use Proprietary Fund Accounting, as amended*, the County has elected to apply the provisions of all relevant pronouncements of the Financial Accounting Standards Board (FASB), including those issued after November 30, 1989, that do not conflict with or contradict GASB pronouncements.

#### Basis of Accounting

Basis of Accounting refers to how revenue and expenditures or expenses are recognized in the account and reported in the financial statements. The basis of accounting, as required under generally accepted accounting principles, varies for each fund.

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available if it is collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days to the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, expenditures relating to compensated absences, and claims and judgments are recorded only when payment is due.

General, special revenue, debt service, capital projects and trust and agency funds should be accounted for using the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenue is recognized in the accounting period in which it becomes available and measurable. Expenditures are recognized in the accounting period in which the related fund liability is incurred, if measurable.

#### Medical Care Facility

The accounting policies of the Facility conform to accounting principles generally accepted in the United States of America as applicable to governmental units. Because the Facility provides a service to citizens that is financed primarily by user charges, the accounts of the Facility are accounted for as an Enterprise Fund.

Revenues and Expenses are recognized on the accrual basis using the economic resources measurement focus. Based on Governmental Accounting Standards Board (GASB) Statement No. 20 *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities that Use Proprietary Fund Accounting, as amended*, the Authority has elected to apply the provisions of all relevant pronouncements of the Financial Accounting Standards Board (FASB), including those issued after November 30, 1989, that do not conflict with or contradict GASB pronouncements.

The Medical Care Facility audit report, prepared by other auditors, was presented in accordance with GASB 34.

#### Manistee County Library

The Library reports the following major governmental funds:

The *general fund* is the Library's primary operating fund. It accounts for all financial resources accounted for in another fund.

The *capital projects fund* accounts for the financial resources to be used for the acquisition of major capital facilities.

#### Manistee County

The governmental fund accounting policies of Manistee County Board conform to generally accepted accounting principles and include the following fund types:

1. Government Fund Types use modified accrual basis and include -

The *General Funds* account for fiscal resources in use for general types of operations. The general fund is a budgeted fund and any fund balances are considered as resources available for use. Revenues are derived primarily from property taxes and state and federal distributions, grants and other intergovernmental revenues.

The *Special Revenue Funds* account for specific governmental revenues requiring separate accounting because of legal or regulatory provisions or administrative action. These funds are employed to maintain integrity for the various sources of funds.

The *Capital Projects Funds* account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds and trust funds).

The *Debt Service Funds* account for the accumulation of resources for, and the payment of, general long-term debt principal and interest recorded in the General Long-Term Debt Account Group.

2. Fiduciary fund types include -

The *Trust and Agency Fund* is unbudgeted and accounts for activities within those areas wherein the County is operating in either a trust or agency status. These funds have no equity, assets are equal to liabilities, and do not include revenues and expenditures for general operations of the County.

3. Proprietary fund types include -

The *Enterprise Funds* use the full accrual basis for operations: (a) that are financed and operated in a manner similar to private business enterprises where the intent of the governing body is that the costs (expenses including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or, (b) where the governing body has decided that periodic determination of revenue earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.



The *Internal Service Funds* account for the financing of goods or services provided by one department or agency to other departments or agencies of the County or to other governmental units on a cost-reimbursement basis. The tax revolving fund contains those fund balances designated for specific use by the Board in accordance with resolutions passed during the years.

## Estimates

The process of preparing financial statements in conformity with generally accepted accounting principles requires the use of estimates and assumptions regarding certain types of assets, liabilities, revenues, and expenses. Such estimates primarily relate to unsettled transactions and events as of the date of the financial statements. Accordingly, upon settlement, actual results may differ from estimated amounts.

## Investments.

The County uses the Fair Market Value valuation for all investments. Any adjustments to the value of the investments not related to cash differences but rather to a subsequent valuation change during the current year was entered as unrecognized gain or loss.

## Budgeting and Fund Deficit

Prior to September 30th, the board adopts a proposed general fund operating budget for the twelve months beginning October 1<sup>st</sup>. The budget includes proposed expenditures and the means of financing them. Budgets are adopted on a activity basis, although line item data is provided in the accounts for more effective management control. Amendments to the general fund budget are made as necessary and are properly approved by the board.

## C. INVESTMENTS

Act 217, PA 1982, as amended authorizes the County to deposit and invest in the following:

- a) Bonds, securities, and other obligations of the United States or an agency or instrumentality of the United States.
- b) Certificates of deposit, savings accounts, deposit accounts, or depository receipts of a financial institution, but only if the financial institution is eligible to be a depository of funds belonging to the state under a law or rule of this state or the United States.
- c) Commercial paper rated at the time of purchase within the 2 highest classifications established by not less than 2 standard rating services and that matures not more than 270 days after the date of purchase.
- d) Repurchase agreements consisting of instruments listed in subdivision (a).
- e) Bankers' acceptances of United States banks.
- f) Obligations of this state or any of its political subdivisions that at the time of purchase are rated as investment grade by not less than 1 standard rating service.
- g) Mutual funds registered under the investment company act of 1940, title I of chapter 686, 54 Stat. 789, 15 USC 80a-1 to 80a-3 and 80a-4 to 80a-64, with authority to purchase only investment vehicles that are legal for direct investment by a public corporation. However, a mutual fund is not disqualified as a permissible investment solely by reason of either of the following:
  - i) The purchase of securities on a when-issued or delayed delivery basis.
  - ii) The ability to lend portfolio securities as long as the mutual fund receives collateral at all times equal to at least 100% of the value of the securities loaned.
  - iii) The limited ability to borrow and pledge a like portion of the portfolio's assets for temporary or emergency purposes.
- h) Obligations described in subdivisions (a) through (g) if purchased through an interlocal agreement under the urban cooperation act of 1967.
- i) Investment pools organized under the surplus funds investment pool act, 1982 PA 367.
- j) The investment pools organized under the local government investment pool act, 1985 PA 121.

#### D. CASH, CASH EQUIVALENTS AND INVESTMENTS

##### Primary Government

For purposes of this presentation, management has determined that cash equivalents consist of those items which will become cash within 90 days of the statement date. Investments are all in Certificates of Deposit and short term government bonds. Investments of the County are valued at the lower of cost or market at the balance sheet date. All deposits are held in the name of the County. The relative risk of these items of cash are:

	Carrying Value
Insured	\$ 200,000
Uninsured	<u>2,018,792</u>
Total Cash	\$2,218,792

Deposits are carried at cost. Deposits are in three financial institutions in the name of the County Treasurer.

There is \$2,052,029 invested in Certificates of Deposit. Fair Market value is approximately the same as face value.

There is a bearer bond recorded with a cost of \$82,068 and a fair market value as of \$1,235,000 as of September 30, 2004.

The Government Investment Pool Funds for the primary government are with Huntington Bank and Security National Bank. The nature of the mutual funds, bond funds, and investment pools does not allow for risk categorization, which is in accordance with GASB Statement No. 3.

Investment Pools - Class	\$ 84,307
- Cadre	57,476
- Money Market	200,000

The balance of the cash is in sweep accounts which are the same as checking.

##### Medical Care Facility

The Medical Care Facility's deposits and investments are composed of the following:

	Current Assets	Assets Limited as to Use	Total
September 30, 2004:			
Cash:			
Petty cash	\$ 395	\$	\$ 395
On deposit with County Treasurer	31,590	374,558	406,148
On deposit with banks	<u>6,295</u>	<u>1,132,120</u>	<u>1,132,120</u>
Total cash	<u>\$ 38,280</u>	<u>\$ 1,506,678</u>	<u>\$ 1,544,958</u>

- (1) Cash - County - These funds are under the control of the County Treasurer, who deposits these funds with a bank. It is impractical to determine the amount covered by federal depository insurance as these funds are only a portion of the entire County deposits. However, all available insurance has been taken by the County and none remains.
- (2) Cash - Bank - The deposits are reflected in the accounts of the bank (without recognition of checks written but not yet cleared or of deposits in transit) at \$1,138,415 and \$1,893,737 at September 30, 2004 and 2003, respectively. The federal depository insurance coverage pertains to all the deposits of the county; hence, the specific coverage pertaining to the Facility's deposits is not determinable.

(3) Assets Limited as to Use - This cash is limited to the following uses:

By Manistee County Family Independence Agency Board	
for future capital purchases	\$ 1,293,457
for funded compensated absences	154,362
By donors for various restricted future expenditures	58,859
Total	<u>\$ 1,506,678</u>

#### 911/Central Dispatch

911/Central Dispatch Cash Investments September 30, 2004.

		Per Bank	Carrying Value
Insured	\$	100,000	\$ 100,000
Uninsured		<u>723,666</u>	<u>660,554</u>
Total		826,333	760,554

#### Manistee County Library

At year end, the carrying amount of the Library's deposits, including certificates of deposit of \$200,942 were \$430,293 and the bank balance was \$444,618 of which \$335,283 was covered by federal depository insurance and \$109,335 was uninsured and uncollateralized. The Library has \$550 in petty cash on hand.

#### Manistee County Road Commission

The Road Commission's deposits and investments at September 30, 2004 are included on the balance sheet under the following classifications:

	Carrying Value	Per Bank
Checking, Savings, CD	\$315,727	\$581,662
Investments	963	963
Petty Cash	<u>100</u>	<u>0</u>
Total	\$316,790	\$582,625

#### Deposits

At September 30, 2004, the book value of the Road Commission's deposits was \$316,790 with a corresponding bank balance of \$582,625. Qualifying deposits are insured by Federal Deposit Insurance Corporation up to \$100,000. Of the bank's balance, approximately \$300,000 is insured (credit risk category #1) and the remaining \$282,625 is uninsured and uncollateralized (credit risk category #2)

The County Road commission's deposits are in accordance with statutory authority.

Investments are categorized in these three categories of risk.

Category 1 - Insured and registered, or securities held by the Road Commission or its agent in the Road Commissions name.

Category 2 - Uninsured and unregistered, with securities held by the counterparty's trust department or agent in the Road Commission's name.

Category 3 - uninsured and unregistered, with securities held by the counterparty, or by its trust department or agent, but not in the Road Commission's name

Investment not subject to categorization:	
Public Funds Investment Trust	
Carrying and Fair Value	\$ 668
National City Bank - Business Indexed	
Investment Account	
Carrying and Fair Value	<u>295</u>
Total Investments	\$ 963

#### E. ACCOUNTS RECEIVABLE

The Medical Care Facility has accounts receivable as follows:

Patient receivables	\$ 648,017
Less allowances for uncollectible accounts	<u>(40,000)</u>
Patient accounts receivable, net	\$ 608,017
Accounts receivable - other	16,251
Total accounts receivable	<u>\$ 624,268</u>

#### F. PROPERTY TAXES

The County property tax is levied on each December 1<sup>st</sup> on the taxable value of property located in Manistee County as of the preceding December 31<sup>st</sup>.

Although Manistee County's ad valorem tax is levied and collectible on December 1, property tax revenues are considered available when they become due or past due and receivable within the current period.

The State Equalized Value (SEV) and taxable values are \$1,292,646,585 and \$838,769,961 respectively.

The millage for the current year is:

County operating	5.1303
County Library	1.0000
Medical Care	.4888
911	.9873
Jail bond	.1350

These amounts are recognized in the respective General Fund and special revenue funds. Property tax revenues are recognized in the subsequent year when budgeted, therefor the receivable is offset by deferred revenue.

#### G. EMPLOYEE'S DEFERRED COMPENSATION PLAN

The County and the Road Commission offers it's employees a deferred compensation plan created in accordance with IRC Section 457. The plan, available to all employees, permits them to defer a portion of their current salary until future years. The deferred compensation is not available to the employees until termination, retirement, death or an unforeseeable emergency.

Effective January 1, 1997, the County adopted Governmental Accounting Standards Board Statement No. 32, *Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*. This statement requires plans that have established a qualified third party trust for their plan to remove the plan assets and related liability from the balance sheet of the County since the plan assets would no longer be subject to the general creditors of the County. Manistee County maintains no trust involvement in these plans.

## H. RETIREMENT SYSTEM - MERS OPERATED

Manistee County employees including those component units consisting of the Library and the Medical Care Facility, are covered under the Manistee County retirement program.

### Plan Description

Manistee County participates in the Michigan Municipal Employees Retirement System (MERS), a public employer and employee retirement system organized pursuant to Section 12a of Act No 156, Public Acts of 1951, (MSA 5.333(a); MCLA 46, 12a), as amended, State of Michigan. Substantially all employees are covered by the MERS retirement system. There is no mandatory retirement.

The Manistee County Pension Plan which is a multiple employer defined benefit pension plan that covers all full-time and part-time employees of the County who have completed six months of service and elect to receive coverage. The plan provides retirement benefits, as well as death and disability benefits, to plan members and their beneficiaries. At December 31, 2003, the date of the most recent actuarial valuation, membership consisted of 103 retirees and beneficiaries currently receiving benefits and 41 terminated employees entitled to benefits but not yet receiving them, and 276 current active employees. The plan does not issue a separate financial report specifically for each Facility.

All Required Contributions were made

The cost and market value of the retirement fund investment for the total MERS system at December 31, 2003 are disclosed in the annual financial statements of the Michigan Municipal Employees' Retirement System. Although an actuarial study is performed annually for Manistee County, the actuarial report does not break out all required facility data necessary for proper disclosure. All disclosures required by Governmental Accounting Standards Board Statement No. 5 with respect to pension data have not been included in these financial statements

Analysis of the dollar amounts of net assets available for benefits, pension benefit obligation, and the unfunded pension benefit obligation in isolation can be misleading. Expressing the net assets available for benefits as a percentage of the pension benefit obligation provides one indication of the plan's funded status on a going-concern basis. Analysis of the percentage over time indicates whether the system is becoming financially stronger or weaker. Generally, the greater this percentage, the stronger the plan. The unfunded pension benefit obligation and annual covered payroll are both affected by inflation. Expressing the unfunded pension benefit obligation as a percentage of annual covered payroll provides an approximate adjustment for the effects of inflation and aids analysis of the progress being made in accumulating sufficient assets to pay benefits when due. Generally, the smaller this percentage, the stronger the plan.

### Manistee County Road Commission Employees' Retirement System

Manistee County Road Commission participates in a defined benefit retirement plan administered by the Municipal Employee's retirement System (MERS). The plan covers substantially all full time employees. The Municipal Employees Retirement System of Michigan (MERS) is a multiple-employer statewide public employee retirement plan created by the State of Michigan to provide retirement, survivor and disability benefits, on a voluntary basis to the State's local government employees in the most efficient and effective manner possible. As such, MERS is a non-profit entity which has the responsibility of administering the law in accordance with the expressed intent of the Legislature and bears a fiduciary obligation to the State of Michigan, the taxpayers and the public employees who are its beneficiaries.

The passage of HB-5525/Act No. 220, with enactment on May 28, 1996, allowed the members of MERS to vote on and determine if MERS should become an independent public corporation. The vote resulted in approval to become independent of State control and MERS began to operate as an independent public corporation effective August 15, 1996. MERS issues a financial report, available to the public, that includes financial statements and required supplementary information for the system. A copy of the report may be obtained by writing the MERS at 447 N. Canal Road, Lansing, Michigan 48917.

All full time County Road union and administrative employees are eligible to participate in the system. Benefits vest after ten years of service. Employees who retire at or after age 60 with 10 years credited service are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 2.5 percent of the member's 5-year final average compensation. Effective July 1, 1999 the plan was changed to MERS F55 so that employees with at least 30 years of service and are age 55 can retire with full benefits. The system also provides death and disability benefits which are established by State Statute.

Participating County Road employees are not required to contribute to the system. The County Road commission is required to contribute the amount necessary to fund the Michigan Municipal Employees Retirement System using the actuarial basis specified by statute

Actuarial Accrued Liability - the actuarial liability was determined as part of an actuarial valuation of the plan as of December 31, 2003. Significant actuarial assumptions used in determining the investment of present and future assets of 8.0%, (a) inflation, and (b) additional projected salary increases of 0.0% to 4.2% per year, depending on age, attributable to seniority/merit and (c) the assumption that benefits will increase 2.5% annually after retirement.

All entries are based on the actuarial methods and assumption that were used in the December 31, 2003 actuarial valuation to determine the annual employer contribution amounts. The entry age normal actuarial method was used to determine the entries at disclosure.

#### GASB 25 Information as of 12/31/03

##### Actuarial Accrued Liability:

Retirees and beneficiaries currently receiving benefits	\$ 4,506,325
Terminated employees not yet receiving benefits	263,310

##### Current employees:

Accumulated employee contributions	
Including allocated investment income	0
Employer financed	3,219,554
Total Actuarial accrued liability	<u>7,989,189</u>

Net Assets Available for Benefits, at actuarial value	
(Market value is \$3,398,189)	<u>3,721,561</u>

Unfunded (over funded) actuarial accrued liability	<u>\$ 4,267,628</u>
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#### GASB 27 Information as of 12/31/03

Fiscal year beginning	January 1, 2005
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Annual required contribution (ARC)	\$ 362,016
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Amortization factor used	0.053632
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#### Contributions Required and Contributions Made:

MERS funding policy provides for periodic employer contributions at actuarially determined rates that, expressed as percentages of annual covered payroll, are designed to accumulate sufficient assets to pay benefits when due. The normal cost and amortization payment for fiscal year ended December 31, 2004 were determined using the entry age normal actuarial funding method. Unfunded actuarial accrued liabilities, if any, were amortized as a level percent of payroll over a period of 30 years. The following table provides a schedule of contribution amounts and percentages for recent years.

Three Year mend Information for FASB Statement No.27

Year Ended Dec 31	Annual Pension Cost of (APC)	Percentage of APC Contributed	Net Pension Obligation
09/30/02	\$ 186,226	100%	\$ -0-
09/30/03	\$ 351,750	100%	\$ -0-
09/30/04	\$ 265,876	100%	\$ -0-

Required Supplementary Information for GASB Statement No.27

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability	Underfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percent of Covered Payroll
12/31/01	\$3,465,264	\$6,953,429	\$3,448,165	50%	\$1,563,330	223%
12/31/02	\$3,454,256	\$7,396,448	\$3,942,256	53%	\$1,528,920	258%
12/31/03	\$3,721,561	\$7,989,189	\$4,267,628	47%	\$1,526,988	279%

I. LONG TERM DEBT

Balances Due on Notes and Bonds are as follows:

	Date	Principal	Interest
Jail Bond	2004	55,000	7.625% less credit
	2005	55,000	"
	2006	55,000	"

Bonds and notes payable at September 30, 2004 are composed of the following individual issues:

	Balance Due 09/30/04
<u>General Obligation Debt</u>	
Jail Bond dated 1987	
Original Amount: \$1,100,000	
Annual Installments: \$25,000 to \$95,000	
Final Maturity: May 1, 2007	
Interest Rate: 4.400% to 7.625%	165,000
<u>Installment Purchase Contract:</u>	
Original amount \$542,400	
Final maturity: Oct. 1, 2007	
Interest rate: 5.43%	237,400
<u>Building Authority Bonds</u>	
Series 1999	
Original amount \$1,375,000	
Annual principal installments \$25,000 to \$105,000	
Final maturity 2024	
Interest rate 5.25% to 6.00%	\$1,320,000

Series 2000

Original amount \$825,000

Annual principal installments \$20,000 to \$65,000

Final maturity 2024

Interest rate 5.25% to 5.90%

\$785,000

General Obligation Debt

Road Commission Bond

The information concerning this debt is maintained in the Manistee County Road Commission. While the debt rests with Manistee County, it is financed through the State Income paid to the Road Commission. At any time the debt service fund is not fully paid, the amounts will be withdrawn from the State monies to insure the debt is paid.

911 Long Term Debt

The Manistee County 9-1-1/Central Dispatch has two long term debt notes payable to the County of Manistee. The funds were used to built the new Central Dispatch addition. An agreement was entered between Manistee County 9-1-1/Central Dispatch and the County of Manistee were the 9-1-1 will make annual installments on note whose original value was \$450,000.

The data for the long term debt is as follows:

Creditor	County of Manistee
Amount	\$450,000 (\$337,282 on 6/1/98 and \$112,718 on 7/23/98)
Interest Rate	5.43%
Term:	10 Years

The remaining principal and interest payments are as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>
2004	\$45,000	\$ 9,774
2005	\$45,000	\$ 7,331
2006	\$45,000	\$ 4,887
2007	\$45,000	\$ 2,444

The second note payable is to Manistee County and is for the repayment of legal fees incurred for the Filer/TES litigation. The 9-1-1 has agreed to pay \$26,729.00 in nine annual installments of \$2969.89 each. There is no interest charge for the note.

The third liability is a capital lease for the Computer Aided Dispatch equipment. The fair market value at delivery time was \$193,633 and the lease is for four annual installments. The first payment of \$53,690 was paid during the year, which left three subsequent annual payments of \$53,540 each.

	Interest Rate	Principal Matures	Beginning Balance	Additions (Reductions)	Ending Balance	Due Within One Year
Governmental Activities						
Gen Ob Debt 1987	various	05/01/07	220,000	(55,000)	220,000	55,000
Inst Purch Cont	5.43	10/01/07	280,000	(45,000)	282,000	45,000
Building 1999	various	2024	1,235,000	(25,000)	1,235,000	25,000
Building 2000	various	2024	<u>755,000</u>	<u>(20,000)</u>	<u>755,000</u>	<u>20,000</u>
Total Govmntl Activities			2,592,400	(100,000)	2,492,000	145,000
911/Central Dispatch	5.43	2007	270,000	(45,000)	225,000	45,000



### Manistee County Road Commission

The Following is a summary of the long-term debt transactions for the Road Commission for the year ended September 30, 2004

	MDOT SIB Loan	Accumulated Sick Leave & Vacation	Total
Long-Term debt at October 1, 2002	\$356,276	\$104,290	\$460,566
Adjustments to recognize change in Accumulated sick leave and vacation At September 30, 2003	0	36,363	36,363
Debt Retired during current year	(119,037)	0	(119,037)
Long Term Debt at 09/30/03	\$237,239	140,653	\$377,892

During 1999 the Manistee County Road Commission entered into a general loan contract with MDOT and received loan proceeds of \$800,000 in the form of a State Infrastructure Bank Loan (SIB). The funds had to be used for a pre-approved purpose namely work Coates Highway in Manistee County. Repayment requirements consist of an annual payment of \$133,288, which includes interest at an annual rate of 4%. The final payment is due 2006.

#### Debt Service Requirements:

	2004	2005	2006	Total
Principal	\$119,037	\$123,798	\$113,441	\$356,276
Interest	14,251	9,490	4,538	28,279
	\$133,288	\$133,288	\$117,979	\$384,555

During 2004 the Manistee County Road Commission initiated a Debt Service fund to service the financing of the new Manistee County Road Commission Central Facility. The bond debt repayment schedule is as follows:

Date	Payment	Interest	Principal
02/2005	\$114,844	\$114,844	
08/2005	98,438	98,438	
02/2006	98,438	98,438	
08/2006	198,438	98,438	100,000
02/2007	96,438	96,638	
08/2007	196,938	96,638	100,000
02/2008	94,888	94,888	
08/2008	194,888	94,888	100,000
02/2009	93,138	93,138	
08/2008	243,138	93,138	150,000
Next 5 years	1,874,750	824,750	1,050,000
Next 5 years	1,882,378	582,378	1,300,000
Next 5 years	1,956,228	256,228	1,700,000

The accumulated vacation and sick leave is not subject to an annual amortization calculation because it will become due and payable in varying amounts from year to year as employees terminate their employment with the Manistee County Road Commission

### J. CONTINGENT LIABILITY

The primary government has no material contingent liabilities as of the date of this report.

The Manistee Country Road Commission contracts with the State of Michigan to perform state highway maintenance functions for the State. The cost of the maintenance is then billed to the State of Michigan who reimburses the Manistee County Road Commission for the costs incurred. These costs reimbursements contract expenditures are subject to audit at some future date by the State of Michigan. The amount, if any, of expenditures which may be disallowed by the State of Michigan cannot be

determined until the State completes its annual audit of its maintenance agreement with the Manistee County Road Commission. The audit adjustment is accounted for as an adjustment of the current years expenditures.

The Manistee County Road Commission is party to various legal proceedings incidental to its operations. Certain claims, suits and complaints arising in the ordinary course of operations have been filed against the Road Commission. In the opinion of management and legal counsel, all such matters are adequately covered by insurance or, if not so covered, are without merit or are in a very preliminary state, and it is not possible to currently assess the probability of an unfavorable outcome.

#### K. COMPENSATED ABSENCES, SICK LEAVE, VACATIONS AND ACCRUED/PREPAID SALARIES.

##### Primary Government:

Vacation and Sick Leave is earned on a monthly basis with excess sick leave available to be paid. The totals of compensated absences are computed at current wage rates and include the following:

	Sick Pay	Vacation Pay	Personal
Courthouse	\$ 90,080	\$ 52,863	\$ 23,745
Sheriff Department	42,409	20,126	9,091
911 Dispatch	0	4,897	3,452
Total	<u>\$ 132,489</u>	<u>\$ 77,886</u>	<u>\$ 36,288</u>
Medical Care Facility Compensated Absences		\$725,943	
Manistee County Library Termination Benefits		\$ 21,118	

No accruals or prepaids have been made for these salaries and wages as the net effect is minimal and the change to accrual accounting further minimizes the effect.

Employees earn one day of sick leave credit for each month of service, with a maximum accumulation of 110 days. All employees during their first year of employment earn vacation using their date of hire. After completing one year all employees accrue vacation benefits which are to be used for vacation during the next succeeding calendar year. Vacation time must be used before the end of the succeeding calendar year. Vacation time does not accumulate and the employee are not paid for days not used.

Employees must contact their immediate supervisor at least one hour prior to their scheduled shift if requesting a sick day. Employees may be required to present a doctor's release for sick leave lasting three or more days, or if a specific pattern or abuse of the sick leave policy develops.

Vacation time, with regards to the sheriff's department, shall be taken in increments of five days or less, unless other arrangements have been made in advance. Requests must be submitted to the sheriff at least 10 days prior to the requested days off. No more than one employee in each designated area can be away on vacation at one time.

Employees who quit and provide two weeks written notice are entitled to payment at their straight-time hourly rate for their accrued, but unused vacation days.

Effective January 1, 1996 all employees with an existing bank of sick time will have the option, during the term of the existing contract, of converting an employer specified number of accumulated sick time hours to cash at the discounted rate of 85% value. Also, each eligible employee will receive five annual personal days which shall not accumulate from year to year. The employer will pay in January of the following year for up to three days of unused personal time.

#### Manistee County 911/Central Dispatch

There are no compensated absences to the extent that sick pay is accrued and payable upon retirement. The total accrued and payable for employees on the Manistee County 9-1-1/Central Dispatch is \$8,350. In addition, the Undersheriff indicated that one employee who was previously employed by the Sheriff's Department has accumulated 720 hours of sick time which, while perhaps a contingent liability is a county liability from past employment.

#### Manistee County Library

Manistee County Library accounts for accrued employee sick leave in it's long-term debt account group. As of September 30, 2004 the accrual is \$21,118.

#### Manistee Country Road Commission

The total accumulated unpaid vacation and sick pay liability of the Manistee County Road Commission at September 30, 2004 was \$140,653. This amount was determined to be a long-term liability in its entirety and is therefore reflected as a non-current liability on the government-wide statements. A liability for these amounts is only reported in the governmental funds for known terminations as of year end.

County Road Commission employees earn vacation and personal leave in varying amounts depending on the number of years of service. Accumulated vacation may not exceed the total earned for any given year per the union contract. Non-union employees are also subject to the vacation provisions embodied in the union contract. Unpaid vacation and personal leave at September 30, 2004 amounted to \$49,352

Sick leave is accumulated at the rate of one day for each month of service with accumulation not to exceed 170 days. The policy also provides that employees who separate from employment with the Road Commission will be paid for their accumulated leave up to a maximum of sixty (60) days. Unpaid sick leave at September 30, 2004 amounted to \$91,301.

Effective December 1, 1994 the above sick leave program was replaced with one which each full time employee shall be given sixty-four to seventy-two hours of short-term leave annually which may be used throughout a given fiscal year. In the first pay period of December each year all unused time shall be paid. There are no provisions to accumulate this time. The former plan is still in effect and employees will retain those benefits. Upon retirement the accumulated sick leave will be paid up to a maximum of sixty days. This liability will decrease as the years progress.

#### L. ENCUMBRANCES

The County does not formally record encumbrances in the accounting records.

#### M. LITIGATION

In connection with the normal conduct of its affairs, the County is involved in various claims and litigations. It is expected that the final resolution of these matters will not materially affect the financial statement of the County.

## N. RISK FINANCING AND RELATED INSURANCE ISSUES

### Primary Government:

The local unit is a member of the Michigan Municipal Risk Management Authority. As a member of the authority, the Local Unit is partially self-insured for general and auto liability, motor vehicle physical damage and property loss claims. Under most circumstances, the municipality's maximum loss per occurrence is limited as follows:

<u>Type of Risk</u>	<u>Maximum Retention Per Occurrence</u>
General Liability	75,000
Auto Physical Damage	15,000 per unit
Auto Physical Damage	30,000 per occurrence
Property Coverage	100,000(after 10% to member)

### Medical Care Facility:

The Facility is exposed to various risks of loss related to property loss, torts, errors and omissions, employee injuries, as well as medical benefits provided to employees. The Facility has purchased commercial insurance for malpractice and general liability claims, workers' compensation and employee medical benefit claims. Settled claims relating to the commercial insurance have not exceeded the amount of insurance coverage in any of the past three fiscal years.

The Facility is insured against potential professional liability claims under an occurrence-basis policy, whereby all claims resulting from incidents that occur during the policy period are covered up to insured limits, regardless of when the claims are reported to the insurance carrier. There are no known outstanding or pending claims at September 30, 2004 and September 30, 2003.

## O. FIXED ASSETS

Fixed assets for the primary government and blended units, Medical Care Facility Road Commission and 911/Central Dispatch, are listed below:

### Medical Care Facility:

Asset	Depreciable Life - Years	2003	Additions	Retirements Transfers	2004
Bldg & Imprvmnts	10-40	\$1,616,792	\$ 45,178	\$ 2,325	1,659,645
Equipment	5-20	900,250	10,400	31,267	879,383
Construction in Prog.		<u>935,757</u>	<u>1,196,092</u>	-	<u>2,131,849</u>
Total cost		3,452,799	1,251,670	33,592	4,670,877
Accumulated Depreciation					
Bldg & Imprvmnts		1,251,512	30,436	2,325	1,279,623
Equipment		<u>652,773</u>	<u>45,106</u>	<u>31,267</u>	<u>666,612</u>
Total Accum Dep.		1,904,285	75,542	33,592	1,946,235
Net Carrying amount		<u>\$1,548,514</u>			<u>\$2,724,642</u>

### Manistee County Road Commission

Asset				
Land and Improvements	\$ 239,977			\$ 239,977
Buildings	1,679,823			1,679,823
Infrastructure	27,313,356			27,313,356
Equipment	6,874,370	318,667	96,412	5,884,808
Yard and Storage	<u>392,568</u>			<u>441,990</u>
	36,955,290	318,667	96,412	37,177,545

Accumulated Depreciation				
Buildings	940,035	40,652		980,687
Infrastructure	10,960,518	1,276,321		12,236,839
Equipment	5,721,961	344,518	96,412	5,684,808
Yard and Storage	<u>392,568</u>	<u>49,442</u>		<u>441,990</u>
	<u>18,015,082</u>	<u>1,710,913</u>	<u>96,412</u>	<u>19,629,583</u>
Net Fixed Assets	\$ 18,940,208	(\$ 1,392,246)	\$ 0	\$17,547,962

All fixed assets are based on historical cost for all assets. Property, plant and equipment is depreciated using the straight-line method over the following useful lives:

Buildings	40 to 60 years
Building Improvements	15 to 30 years
Infrastructure	5 to 10 years
Equipment	10 to 30 years
Vehicles	3 to 20 years

#### 911/Central Dispatch

##### Assets:

	<u>2003</u>	<u>additions</u>	<u>deletions</u>	<u>2004</u>
Buildings	\$ 3,000	0	0	3,000
Equipment	<u>\$ 722,139</u>	<u>15,227</u>	<u>0</u>	<u>\$737,366</u>
Total	<u>723,139</u>	<u>15,277</u>	<u>0</u>	<u>740,366</u>

##### Accumulated Depreciation:

Buildings	\$ 577	77	0	654
Equipment	<u>\$ 264,906</u>	<u>75,552</u>	<u>0</u>	<u>\$340,458</u>
Total	<u>265,483</u>	<u>75,629</u>	<u>0</u>	<u>341,112</u>

#### Primary Government

Equipment	\$83,987	0	0	\$ 83,987
Vehicles	448,886	0	0	448,886
Miscellaneous	221,064	0	0	221,064
Buildings	8,644,370	0	0	8,644,370
Land	<u>59,714</u>	<u>0</u>	<u>0</u>	<u>59,714</u>
Total	<u>\$9,458,021</u>	<u>0</u>	<u>0</u>	<u>9,458,021</u>

#### Less Accumulated Depreciation for

Equipment	\$39,480	524		\$ 40,014
Vehicles	355,725	0	15,629	340,096
Miscellaneous	170,814		41,872	128,942
Buildings	2,644,837	341,125		2,985,962
Land	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total	<u>\$3,210,856</u>	<u>341,649</u>	<u>57,501</u>	<u>\$3,495,014</u>

All fixed assets are based on historical cost for all assets with a cost of \$5,000 or more. The County commission passed a resolution to record all assets with values in excess of \$5,000. Property, plant and equipment is depreciated using the straight-line method over the following useful lives:

Buildings	40 to 60 years
Building Improvements	15 to 30 years
Water and Sewer Lines	50 to 75 years
Roads	10 to 30 years
Vehicles	3 to 5 years
Office Equipment	5 to 7 years
Computer Equipment	3 to 7 years

#### Manistee County Library

	<u>Balance</u> <u>10/01/03</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>09/30/04</u>
Leasehold Improvements	\$ 88,319	\$ 109,335	\$ 0	\$ 197,654
Furniture and fixtures	73,138	40,351	0	113,489
Computers and Technology	84,572	56,699	9,477	131,794
Library Books	<u>1,404,135</u>	<u>0</u>	<u>27,824</u>	<u>1,589,160</u>
Total	1,650,164	419,234	0	2,032,097
Accumulated Depreciation	1,005,134	146,398	22,321	1,129,211
Net Capital Assets	645,030	272,836	14,980	902,886

Property and equipment of the Library is depreciated using the straight line method over the following estimated useful lives:

Leasehold improvements	20 years
Books	7 years
Furniture and Fixtures	20 years
Computer and Technology	10 years

#### P. POST EMPLOYMENT BENEFITS

Primary Government:

The County does not offer post employment benefits.

The Road Commission provides post retirement health care benefits to all employees who retire from the Road Commission after July 1, 1985. For employees retiring between the ages of 55 and 65 the Road Commission will pay \$100 per month. At age 65, or if retirement occurs on or after age 65 the monthly contribution will be \$60. During 2003 the Road Commission funded approximately \$5,800 in post employment health care benefits for retired employees and 14 former employees were eligible.

#### Q. GENERAL FUND DEFERRED REVENUE

The financial statement presentation includes a General Fund deferred revenue in the amount of \$886,160. The amount is equal to one quarter (three months) of the annual taxes collected which will subsequently be expended during the final three months of the calendar year.

## R. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

PA 621 of 1978, section 18(1), as amended, provides that a local unit shall not incur expenditures in excess of the amount appropriated. During the Year, the County incurred expenditures in certain budgeted funds which were in excess of the amount appropriated.

Budgeted Item	Budget Appropriation	Actual Expenditures	Variance
General Fund Transfers Out	588,277	769,049	(180,772)

The transfer out excess expenditure is primarily due to Child Care costs mandated by the court system.

All special revenue funds were not budgeted for the fiscal year and therefore not in compliance.

## S. CHANGE IN ACCOUNTING PRINCIPLE

Effective October 1, 2002 the County and its component units implemented the provision of Governmental Accounting Standards Board Statement Number 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments* (GASB No. 34). Changes to the financial statements as a result of GASB No. 34 are as follows:

A management's discussion and analysis (MD&A) section providing analysis of the entities overall financial position and results of operations has been included.

Government-wide financial statements (Statement of Net Assets and Statement of Activities) prepared using full accrual accounting for all of the entity's activities have been provided.

Capital assets in the Statement of Net Assets include infrastructure assets (roads, bridges, etc) not previously accounted for in the Road Commission section of the report as well as other capital assets that were previously accounted for in the General Fixed Asset Account Group. In addition, the government activities column includes bonds and other long-term obligations previously reported in the General long-Term Debt Account Group.

## SUPPLEMENTAL STATEMENTS



**WILSON, WARD CPA FIRM**

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To the Manistee County Board  
Manistee County  
Manistee, MI

We have audited the combined financial statements of Manistee County for the year ended September 30, 2004. Our audits were made for the purpose of forming an opinion on the combined financial statements taken as a whole. The accompanying schedules, as listed in the table of contents, are presented for purposes of the additional analysis and are not a required part of the combined financial statements. Such information has been subjected to the auditing procedures applied in the audits of the combined financial statements and, in our opinion, is fairly stated in all material respects in relation to the combined financial statements taken as a whole.

*Wilson Ward CPA Firm*

Interlochen, MI  
December 16, 2004

## General Fund

**MANISTEE COUNTY, MICHIGAN**  
**STATEMENT OF REVENUES**  
**BUDGET AND ACTUAL**  
**GENERAL FUND**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2004**

	Approved	Budget Amended	Actual	Variance Favorable (Unfavorable)
<b>TAXES</b>				
Current Real Property Tax	\$3,684,750	\$3,684,750	\$3,627,507	(\$57,243)
Commercial Forest	0	0	0	0
Delinquent Real Property Tax	317,193	317,193	302,425	(14,768)
Delinquent Personal Property Tax	3,220	3,220	7,740	4,520
Swamp Tax	16,635	16,635	16,635	0
Single Business Tax	0	0	0	0
Payment in Lieu of Taxes	65,410	65,410	70,646	5,236
Tax Reverted Lands	0	0	400	400
Convention Facilities Tax	103,000	103,000	108,399	5,399
Cigarette Tax	7,000	7,000	4,339	(2,661)
Real Estate Transfer Tax	96,900	96,900	127,816	30,916
<b>Taxes Total</b>	<b>4,294,108</b>	<b>4,294,108</b>	<b>4,265,907</b>	<b>(28,201)</b>
<b>LICENSES AND PERMITS</b>				
Trailer Fees	700	700	873	173
Transient License	0	0	0	0
<b>Total Licenses &amp; Permits</b>	<b>700</b>	<b>700</b>	<b>873</b>	<b>173</b>
<b>FEDERAL GRANTS</b>				
Friend of the Court IV - D Incentive	20,000	54,556	0	(54,556)
Friend of the Court IV - D CRP	275,000	383,132	474,488	91,356
Prosecuting Attorney IV - D CRP	28,000	28,000	12,102	(15,898)
COPS Fast Grant Program	0	0	25,384	25,384
Forest Patrol	3,150	3,150	2,700	(450)
Commercial Forest	430	430	445	15
Emergency Services	31,250	31,250	69,807	38,557
<b>Total Federal Grants</b>	<b>357,830</b>	<b>500,518</b>	<b>584,926</b>	<b>84,408</b>
<b>STATE SOURCES</b>				
Circuit Judge Salary Supplement	30,635	30,635	30,635	0
Circuit Court DOC Reimbursement	12,500	12,500	3,363	(9,137)
Circuit Court Jury Reimbursement	1,000	1,000	1,662	662
District Judge Salary Supplement	27,434	27,434	27,434	0
Probate Judge Salary	94,195	94,195	101,585	7,390
Probate Judge Salary Supplement	45,724	45,724	45,724	0
Probate Court - JUV Officer	27,317	27,317	27,317	0
Youth Services Director	0	0	0	0
Prosecuting Attorney - Victims Rights Reimbursements	18,000	18,000	27,000	9,000
Prosecuting Attorney DOC Reimbursement	1,000	1,000	867	(133)
FOC IV D Incentive	0	0	0	0
Township Liquor License	600	600	2,461	1,861
SSCENT Drug Team	29,624	29,624	32,504	2,880
Marine Safety	43,247	43,247	30,542	(12,705)
Cops in Schools	122,225	122,225	31,339	(90,886)
Snowmobile Safety	22,047	22,047	21,000	(1,047)
State Revenue Sharing	469,000	469,000	436,371	(32,629)
<b>Total State Sources</b>	<b>944,548</b>	<b>944,548</b>	<b>819,804</b>	<b>(124,744)</b>
<b>REIMBURSEMENTS FROM OTHER AGENCIES</b>				
Circuit Court Salaries	67,967	67,967	69,130	1,163
Circuit Court Fringes	30,830	30,830	29,214	(1,616)
Attorney Fees Reimb	6,000	6,000	9,246	3,246
Circuit Court Misc Reimb	5,000	5,000	22,281	17,281
District Court Salaries	18,290	18,290	18,290	0
District Court Fringe Benefits	2,506	2,506	2,377	(129)
Friend of the Court Salaries	41,461	0	(6,829)	(6,829)
Friend of the Court Fringe Benefits	17,533	0	0	0
Friend of the Court Misc Reimb	0	30,629	23,188	(7,441)
Friend of the Court Appointed Council	3,000	3,000	0	(3,000)
<b>Total Reimbursements</b>	<b>\$192,587</b>	<b>\$164,222</b>	<b>\$166,897</b>	<b>\$2,675</b>

The footnotes are an integral part of these Financial Statements.

**MANISTEE COUNTY, MICHIGAN**  
**STATEMENT OF REVENUES**  
**BUDGET AND ACTUAL**  
**GENERAL FUND**  
**FOR YEAR ENDED SEPTEMBER 30, 2004**

	Budget		Actual	(Unfavorable)
	Approved	Amended		
<b>CHARGES FOR SERVICES</b>				
Circuit Court Cost	\$11,000	\$11,000	\$12,106	\$1,106
Circuit Court Fees	11,800	11,800	16,089	4,289
District Court Cost	360,000	360,000	408,046	48,046
District Court Fines	22,500	22,500	39,011	16,511
District Court Fees	3,200	3,200	10,644	7,444
Clearance Card Cost	3,700	3,700	4,286	586
Bond Cost, Bond Forfeitures	25,000	25,000	27,721	2,721
Ordinances Fines & Costs	49,000	49,000	84,721	35,721
Friend of the Court Cost	1,400	2,199	254	(1,945)
Friend of the Court Fees	19,950	31,254	25,111	(6,143)
Friend of the Court Child Support	4,500	4,500	4,102	(398)
Friend of the Court Fines	1,400	1,400	254	(1,146)
Probate Court Fees	15,800	15,800	15,816	16
Probate Court - Sale of Supplies	200	200	172	(28)
Clerks Fees	40,605	40,605	52,738	12,133
Administration Fees	92,600	92,600	105,108	12,508
Voter Registration	300	300	304	4
Prosecuting Attorney - Services	8,000	8,000	9,356	1,356
Equalization	300	300	393	93
Welfare Fraud Reimbursement	0	0	0	0
Register of Deeds - Recording Fees	175,000	175,000	229,690	54,690
County Survey & Remonumentation	350	350	614	264
Court Funding Reimbursement	135,000	135,000	145,706	10,706
Tax Certificates	1,200	1,200	1,292	92
Tax History	2,800	2,800	3,452	652
Inheritance Tax - Collection Fees	0	0	0	0
Purchasers Filing Fees	0	0	7	7
Sheriff's Services	23,000	23,000	19,574	(3,426)
Animal Control	38,200	38,200	37,528	(672)
Secondary Road Patrol	70,000	70,000	72,138	2,138
Jail	136,100	136,100	133,059	(3,041)
Planning Department - Services	27,400	27,400	26,650	(750)
Building & Grounds	13,356	13,356	12,926	(430)
<b>Total Charges for Services</b>	<b>1,293,661</b>	<b>1,305,764</b>	<b>1,498,868</b>	<b>193,104</b>
<b>INTEREST AND RENTALS</b>				
Interest Earned	35,800	35,800	25,571	(10,229)
Rents and Royalties	6,000	6,000	4,682	(1,318)
<b>Total Interest &amp; Rentals</b>	<b>41,800</b>	<b>41,800</b>	<b>30,253</b>	<b>(11,547)</b>
<b>OTHER REVENUES</b>				
Data Processing	80,680	80,680	80,134	(546)
Casino Pitt	144,280	144,280	144,280	0
Reimbursements	3,875	3,875	2,890	(985)
Bad Check Charge	600	600	500	(100)
Sales of Supplies	500	500	419	(81)
Insurance Reimb	13,288	13,288	13,022	(266)
Workers Comp Div	14,000	14,000	18,013	4,013
Miscellaneous	1,900	1,900	1,836	(64)
<b>Total Other Revenues</b>	<b>259,123</b>	<b>259,123</b>	<b>261,094</b>	<b>1,971</b>
<b>TRANSFERS IN</b>				
Friend of the Court	0	0	0	0
Family Counseling	0	0	9,600	9,600
Dept. Cont/Surplus	0	0	9,837	9,837
Vehicle Fund	0	0	0	0
Marine Law Fund	0	0	0	0
Circuit Court	0	0	0	0
Dare Golf Trust	15,000	15,000	25,554	10,554
Public Imp Fund	22,000	22,000	0	(22,000)
Budget Stability Fund	0	0	0	0
Forestry Fund	0	0	0	0
Tax Revolving Fund	320,955	320,955	320,955	0
<b>Total Transfers In</b>	<b>357,955</b>	<b>357,955</b>	<b>365,946</b>	<b>7,991</b>
<b>TOTAL REVENUES &amp; TRANSFERS IN</b>	<b>\$7,742,312</b>	<b>\$7,868,738</b>	<b>\$7,994,568</b>	<b>\$125,830</b>

The footnotes are an integral part of these Financial Statements.

**MANISTEE COUNTY, MICHIGAN**  
**STATEMENT OF EXPENDITURES & OTHER FINANCING USES**  
**BUDGET AND ACTUAL**  
**GENERAL FUND**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2004**

	Budget			Variance
	Approved	Amended	Actual	Favorable (Unfavorable)
<b>LEGISLATIVE</b>				
Board of Commissioners	\$62,232	\$62,232	\$70,525	(\$8,293)
<b>JUDICIAL</b>				
Circuit Court	582,868	582,868	557,331	25,537
District Court	372,052	372,052	380,863	(8,811)
Friend of the Court	648,877	774,943	781,853	(6,910)
Jury Commission	3,427	3,427	2,211	1,216
Probate Court - General	253,216	253,216	263,356	(10,140)
Total Judicial	1,860,440	1,986,506	1,985,614	892
<b>GENERAL GOVERNMENT</b>				
Elections	0	0	0	0
County Clerk	254,394	254,394	256,991	(2,597)
County Administrator	298,761	298,761	307,119	(8,358)
General Services	212,221	212,221	110,805	101,416
Data Processing	25,100	25,100	20,159	4,941
Equalization Department	281,053	281,053	263,076	17,977
Prosecuting Attorney	384,290	384,290	370,612	13,678
Register of Deeds	166,239	166,239	163,005	3,234
Treasurer	156,738	156,738	173,871	(17,133)
Building and Grounds	245,197	245,197	249,594	(4,397)
Plat Board	107	107	0	107
Drain Commissioner	5,705	5,705	4,249	1,456
DSS Board	5,990	5,990	5,482	508
Economic Development	0	0	0	0
Building Authority	184	184	95	89
Public Works Board	0	0	105	(105)
Private Industry Board	1,252	1,252	932	320
Revenue Sharing Board	3,875	3,875	2,700	1,175
Employee Insurance	0	0	15,344	(15,344)
Tax Allocation Board	0	0	0	0
Total General Government	2,041,106	2,041,106	1,944,139	96,967
<b>PUBLIC SAFETY</b>				
Sheriff	702,675	702,675	654,141	48,534
Dare	0	0	0	0
Marine Safety	55,849	55,849	36,859	18,990
Jail	883,249	883,249	932,427	(49,178)
Snowmobile Patrol	29,396	29,396	29,846	(450)
Emergency Services	65,429	65,429	97,047	(31,618)
Animal Control	84,423	84,423	69,066	15,357
Secondary Road Patrol	73,370	73,370	66,649	6,721
SSCENT Drug Team	71,247	71,247	62,554	8,693
Cops in Schools	137,225	137,225	149,229	(12,004)
USFS Patrol Assistance	3,000	3,000	6,429	(3,429)
CCPS Fast Grant Program	0	0	699	(699)
K-9	62,803	62,803	70,960	(8,157)
Total Public Safety	\$2,168,666	\$2,168,666	\$2,175,906	(\$7,240)

The footnotes are an integral part of these Financial Statements.

**MANISTEE COUNTY, MICHIGAN**  
**STATEMENT OF EXPENDITURES & OTHER FINANCING USES**  
**BUDGET AND ACTUAL**  
**GENERAL FUND**  
**FOR YEAR ENDED SEPTEMBER 30, 2004**

	Budget			Variance
	Approved	Amended	Actual	Favorable (Unfavorable)
<b>HEALTH AND WELFARE</b>				
Medical Examiner	\$42,964	\$42,964	\$53,181	(\$10,217)
Contagious Diseases	2,500	2,500	1,831	669
Veterans Burial	24,000	24,000	24,900	(900)
Veterans Counselor	3,603	3,603	3,656	(53)
Veterans Trust - Rent	0	0	0	0
MSU Co-operative Extension	66,105	66,105	64,495	1,610
MECCA	60,000	60,000	60,000	0
Health Department	139,324	139,324	139,323	1
District Health Dept - Rent	88,117	88,117	90,647	(2,530)
Jaws of Life Team	0	0	0	0
Mental Health	165,000	165,000	165,000	0
Substance Abuse	52,002	52,002	54,314	(2,312)
Conservation Resource Alliance	500	500	500	0
Soil Conservation	7,000	7,000	7,000	0
Area Agency on Aging	2,000	2,000	2,000	0
HSCB	1,000	1,000	1,000	0
Northwest Commission	2,087	2,087	2,087	0
Planning	127,439	127,439	93,779	33,660
<b>Total Health and Welfare</b>	<b>783,641</b>	<b>783,641</b>	<b>763,713</b>	<b>19,928</b>
<b>CULTURAL AND RECREATION</b>				
Airport Authority	0	0	0	0
Agricultural Fair	10,000	10,000	10,000	0
Manistee Recreation Association	2,750	2,750	2,750	0
Historical Museum	0	0	0	0
<b>Total Education &amp; Recreation</b>	<b>12,750</b>	<b>12,750</b>	<b>12,750</b>	<b>0</b>
<b>OTHER</b>				
Special Charges	0	0	0	0
Transfers to other units	0	0	0	0
Insurance and Bonds	225,200	225,200	272,872	(47,672)
<b>Total Other Charges</b>	<b>225,200</b>	<b>225,200</b>	<b>272,872</b>	<b>(47,672)</b>
<b>TOTAL EXPENDITURES</b>	<b>7,154,035</b>	<b>7,280,101</b>	<b>7,225,519</b>	<b>54,582</b>
<b>TRANSFERS OUT</b>				
Employee Training	1,000	1,000	1,000	0
Law Library	4,000	4,000	20,996	(16,996)
Child Care	128,000	128,000	128,000	0
Airport Improv. Fund	70,210	70,210	70,210	0
County Vehicle Fund	45,000	45,000	45,000	0
Public Improvement Fund	0	0	0	0
Capital Improvement	0	0	0	0
Building Authority Fund	173,900	173,900	173,900	0
Other funds	0	0	42,210	(42,210)
Computer Fund	20,000	20,000	84,225	(64,225)
DD Caseflow Fund	0	0	0	0
Health Insurance	37,526	37,526	87,526	(50,000)
Elections fund	25,000	25,000	25,000	0
CT Service Fund	10,000	10,000	10,000	0
Jail Loan	72,891	72,891	72,891	0
Dept Contingency Surplus	0	0	7,341	(7,341)
Remonumentation Fund	750	750	750	0
<b>Total Transfer Out</b>	<b>588,277</b>	<b>588,277</b>	<b>769,049</b>	<b>(180,772)</b>
<b>TOTAL EXPENDITURES &amp; TRANSFERS OUT</b>	<b>\$7,742,312</b>	<b>\$7,868,378</b>	<b>\$7,994,568</b>	<b>(\$126,190)</b>

The footnotes are an integral part of these Financial Statements.

## Special Revenue Funds

**MANISTEE COUNTY, MICHIGAN**  
**COMBINING BALANCE SHEET**  
**SPECIAL REVENUE FUNDS**  
**SEPTEMBER 30, 2004**

**ASSETS**

	Friend of the Court	Law Library	Remonument	Family Counseling Service	Budget Stabilization	Health Department	Computer Lease/ Purchase	Economic Development Revolving	Economic Development Housing	Family Independence Agency	Law Enforcement Training	LEPC Emergency Services
Cash	\$14,040	\$3,379		\$13,964	\$178,508	\$0	\$109,358	\$0	(\$16,984)	(\$153,053)	\$1,924	\$1,517
Accounts Receivable	0	0	(\$15,742)	0	0	0	0	0	18,980	53,025	0	0
Due from other Funds	0	0	40,176	0	0	0	15,876	0	0	199,810	0	0
Other Assets	0	0	0	0	0	0	0	0	0	0	0	0
Total Assets	14,040	3,379	24,434	13,964	178,508	0	125,234	0	1,996	99,782	1,924	1,517

**LIABILITIES & FUND BALANCE**

Liabilities												
Accounts Payable	0	3,379	0	0	0	0	0	0	1,987	25	1,011	0
Due to State of Michigan	0	0	0	0	0	0	0	0	0	53,000	0	0
Deferred Revenue	0	0	0	0	0	0	0	0	0	0	0	0
Compensated Absences	0	0	0	0	0	0	0	0	0	0	0	0
Obligations Under Capital Lease	0	0	0	0	0	0	0	0	0	0	0	0
Long Term Debt	0	0	0	0	0	0	0	0	0	0	0	0
Total Liabilities	0	3,379	0	0	0	0	0	0	1,987	53,025	1,011	0
Fund Balance												
Reserved for Capital Improvements	0	0	0	0	0	0	0	0	0	0	0	0
Other Reserved	14,040	0	24,434	13,964	178,508	0	125,234	0	9	46,757	913	1,517
Total Fund Balance	14,040	0	24,434	13,964	178,508	0	125,234	0	9	46,757	913	1,517
Total Liabilities and Fund Balance	\$14,040	\$3,379	\$24,434	\$13,964	\$178,508	\$0	\$125,234	\$0	\$1,996	\$99,782	\$1,924	\$1,517



**MANISTEE COUNTY, MICHIGAN**  
**COMBINING BALANCE SHEET**  
**SPECIAL REVENUE FUNDS**  
**SEPTEMBER 30, 2004**

**ASSETS**

	Animal Shelter	Juvenile Justice	County Forestry	Air Photo	Drug Testing	Juvenile Intervent Strategy	Soldiers & Sailors Relief	Public Improvement	Forfeited Assets Sheriff Department	Child Care Fund	Capital Improvement	Veterans Trust
Cash	\$411	0	\$3,758	\$16,463	(\$4,629)	\$12,677	\$25,680	\$106,895	\$0	(\$2,488)	\$36,310	\$955
Accounts Receivable	0	1,995	0	0	0	156	0	0	0	23,511	62,057	0
Due from other Funds	0	0	0	0	0	0	0	0	0	0	0	0
Other Assets	0	0	0	0	5,001	0	0	0	3,092	0	0	0
Total Assets	411	0	3,758	16,463	372	12,833	25,680	106,895	3,092	21,023	98,367	955

**LIABILITIES & FUND BALANCE**

Liabilities												
Accounts Payable	0	0	0	0	372	760	0	0	0	18,647	(1,900)	0
Due to State of Michigan	0	0	0	0	0	0	0	0	0	0	0	0
Deferred Revenue	0	0	0	0	0	0	0	0	0	0	0	0
Compensated Absences	0	0	0	0	0	0	0	0	0	0	0	0
Obligations Under Capital Lease	0	0	0	0	0	0	0	0	0	0	0	0
Long Term Debt	0	0	0	0	0	0	0	0	0	0	0	0
Total Liabilities	0	0	0	0	372	760	0	0	0	18,647	(1,900)	0
Fund Balance												
Reserved for Capital Improvements	0	0	0	0	0	0	0	0	0	0	0	0
Other Reserved	0	0	0	0	0	0	0	0	0	0	0	0
Unreserved	411	0	3,758	16,463	0	12,073	25,680	106,895	3,092	2,376	100,267	955
Total Fund Balance	411	0	3,758	16,463	0	12,073	25,680	106,895	3,092	2,376	100,267	955
Total Liabilities and Fund Balance	\$411	\$0	\$3,758	\$16,463	\$372	\$12,833	\$25,680	\$106,895	\$3,092	\$21,023	\$98,367	\$955

The footnotes are an integral part of these financial statements.

**MANISTEE COUNTY, MICHIGAN**  
COMBINING BALANCE SHEET  
SPECIAL REVENUE FUNDS  
SEPTEMBER 30, 2004

	Dive Equipment Fund	County Employee Training	Sheriff's K-9 Unit	911/Central Dispatch	Department Surplus	Juvenile Accountable Fund	Drunk Driving Caseflow Assist	JJTPA GRANT	Community Parenting	Community Corrections	Elections	Law Enforcement Technology
Cash	\$357	\$5,012	\$0	\$826,333	70,960	\$1,205	\$4,217	\$1,779	\$0	(\$14,522)	\$52,386	\$27,696
Accounts Receivable	0	0	0	0	0	3,352	0	0	0	0	0	0
Due from other Funds	0	0	0	0	0	0	0	0	0	0	0	0
Other Assets	0	0	0	8,350	0	0	0	0	0	55,162	0	0
Total Assets	357	5,012	0	834,683	70,960	4,557	4,217	1,779	0	40,640	52,386	27,696

**ASSETS**

**LIABILITIES & FUND BALANCE**

Liabilities												
Accounts Payable	21	395	0	12,032	0	0	0	0	0	1,060	717	2,273
Due to State of Michigan	0	0	0	0	0	0	0	0	0	0	0	0
Deferred Revenue	0	0	0	8,350	0	0	0	0	0	0	0	0
Compensated Absences	0	0	0	0	0	0	0	0	0	0	0	0
Obligations Under Capital Lease	0	0	0	0	0	0	0	0	0	0	0	0
Long Term Debt	0	0	0	0	0	0	0	0	0	0	0	0
Total Liabilities	21	395	0	20,382	0	0	0	0	0	1,060	717	2,273
Fund Balance												
Reserved for Capital Improvements	0	0	0	0	0	0	0	0	0	0	0	0
Other Reserved	0	0	0	0	0	0	0	0	0	0	0	0
Unreserved	336	4,617	0	814,301	70,960	4,557	4,217	1,779	0	39,580	51,669	25,423
Total Fund Balance	336	4,617	0	814,301	70,960	4,557	4,217	1,779	0	39,580	51,669	25,423
Total Liabilities and Fund Balance	357	\$5,012	\$0	\$834,683	\$70,960	\$4,557	\$4,217	\$1,779	\$0	\$40,640	\$52,386	\$27,696

**MANISTEE COUNTY, MICHIGAN**  
COMBINING BALANCE SHEET  
SPECIAL REVENUE FUNDS  
SEPTEMBER 30, 2004

<b>ASSETS</b>										
District Court Services Fund	Automation Register Deed Fund	MSHDA Maxwelltown Grant	F.I.A. Benzle Co. Fund	Juvenile Outreach Fund	Non-Secure Detention Fund	Brownfield Redevelopment Authority	Juvenile Drug Court	Blacker Airport Authority	Total 2004	
Cash										
Accounts Receivable	\$32,568						\$9,716	\$11,935	\$1,444,337	
Due from other Funds	17,386				3		0	22,407	\$265,821	
Other Assets	0	0	0	0	0	0	0	0	\$199,810	
	0	0	0	0	0	0	0	0	\$71,605	
Total Assets	48,954	71,266	13,297	2,518	12	600	9,716	34,342	1,981,573	
<b>LIABILITIES &amp; FUND BALANCE</b>										
<b>Liabilities</b>										
Accounts Payable	863	0	0	0	0	0	348	10,826	52,816	
Due to State of Michigan	0	0	0	0	0	0	0	0	53,000	
Deferred Revenue	0	0	0	0	0	0	0	0	8,350	
Compensated Absences	0	0	0	0	0	0	0	0	0	
Obligations Under Capital Lease	0	0	0	0	0	0	0	0	0	
Long Term Debt	0	0	0	0	0	0	0	0	0	
Total Liabilities	863	0	0	0	0	0	348	10,826	114,166	
<b>Fund Balance</b>										
Reserved for Capital Improvements	0	0	0	0	0	0	0	0	0	
Other Reserved	0	0	0	0	0	0	0	0	0	
Unreserved	47,991	71,266	13,297	2,518	12	600	9,368	23,516	1,867,407	
Total Fund Balance	47,991	71,266	13,297	2,518	12	600	9,368	23,516	1,867,407	
<b>Total Liabilities and Fund Balance</b>										
	\$48,954	\$71,266	\$13,297	\$2,518	\$12	\$600	\$9,716	\$34,342	\$1,981,573	

The footnotes are an integral part of these financial statements.

**MANISTEE COUNTY, MICHIGAN**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES & CHANGES IN FUND BALANCE**  
**SPECIAL REVENUE FUNDS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2004**

	Friend of the Court	Law Library	Remonument	Family Counseling Service	Budget Stabilization	Health Department	Computer Lease/ Purchase	Economic Development Revolving	Economic Development Housing	Law Enforcement Training	Family Independence Agency	LEPC Emergency Services
<b>REVENUES</b>												
Property Taxes	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Licenses & Permits	0	0	0	0	0	0	0	0	0	0	0	0
Federal	0	0	0	0	0	0	0	0	0	0	0	0
Slate	0	0	41,226	0	0	0	0	0	0	0	245,845	0
Local	0	0	0	0	0	0	0	0	0	0	0	0
Fines & Forfeits	0	7,000	0	0	0	0	0	0	0	0	0	0
Interest & Rental	0	0	0	0	0	0	0	0	0	0	0	0
Other	3,348	0	0	6,442	0	0	25,591	0	31,143	25,483	0	1,500
<b>Total Revenues</b>	<b>3,348</b>	<b>7,000</b>	<b>41,226</b>	<b>6,442</b>	<b>0</b>	<b>0</b>	<b>25,591</b>	<b>0</b>	<b>31,143</b>	<b>25,483</b>	<b>245,845</b>	<b>1,500</b>
<b>EXPENDITURES</b>												
Current												
Judicial	0	0	0	0	0	0	0	0	0	0	0	0
Public Safety	0	0	0	0	0	0	0	0	0	0	0	0
Health & Welfare	0	0	0	0	0	0	0	0	0	0	252,240	0
Other	0	27,996	17,542	0	0	0	46,087	0	37,470	37,712	0	0
Debt Payments:												
Principal	0	0	0	0	0	0	0	0	0	0	0	0
Interest and Fiscal Charges	0	0	0	0	0	0	0	0	0	0	0	0
<b>Total Expenditures</b>	<b>0</b>	<b>27,996</b>	<b>17,542</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>46,087</b>	<b>0</b>	<b>37,470</b>	<b>37,712</b>	<b>252,240</b>	<b>0</b>
<b>Excess (Deficiency) of Revenue Over Expenditures</b>	<b>3,348</b>	<b>(20,996)</b>	<b>23,684</b>	<b>6,442</b>	<b>0</b>	<b>0</b>	<b>(20,496)</b>	<b>0</b>	<b>(6,327)</b>	<b>(12,229)</b>	<b>(6,395)</b>	<b>1,500</b>
<b>OTHER FINANCING SOURCES (USES)</b>												
Operating Transfers In	0	20,996	750	0	0	0	95,603	0	0	0	0	0
Operating Transfers Out	0	0	0	(9,600)	0	0	0	0	0	0	0	0
Sale of Assets	0	0	0	0	0	0	0	0	0	0	0	0
<b>Total Other Financing Sources (Uses)</b>	<b>0</b>	<b>20,996</b>	<b>750</b>	<b>(9,600)</b>	<b>0</b>	<b>0</b>	<b>95,603</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Excess (Deficiency) of Revenues &amp; Other Sources over Expenditures and Other Uses</b>	<b>3,348</b>	<b>0</b>	<b>24,434</b>	<b>(3,158)</b>	<b>0</b>	<b>0</b>	<b>75,107</b>	<b>0</b>	<b>(6,327)</b>	<b>(12,229)</b>	<b>(6,395)</b>	<b>1,500</b>
Fund Balance, October 1, 2003	10,692	0	0	17,122	178,508	0	50,127	0	6,336	13,142	53,152	17
Prior Period Adjustments	0	0	0	0	0	0	0	0	0	0	0	0
Fund Balance, September 30, 2004	<b>\$14,040</b>	<b>\$0</b>	<b>\$24,434</b>	<b>\$13,964</b>	<b>\$178,508</b>	<b>\$0</b>	<b>\$125,234</b>	<b>\$0</b>	<b>\$9</b>	<b>\$913</b>	<b>\$46,757</b>	<b>\$1,517</b>

The footnotes are an integral part of these financial statements.

**MANISTEE COUNTY, MICHIGAN**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES & CHANGES IN FUND BALANCE**  
**SPECIAL REVENUE FUNDS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2004**

	Animal Shelter	Juvenile Justice	County Forestry	Air Photo	Drug Testing	Juvenile Intervent Strategy	Soldiers & Sailors Relief	Public Improvement	Sheriff Dept Assets	Capital Improvement	Child Care Fund	Veterans Trust
<b>REVENUES</b>												
Property Taxes	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Licenses & Permits	0	0	0	0	0	0	0	0	0	0	0	0
Federal	0	0	0	0	0	32,323	0	0	0	0	0	0
State	0	15,000	0	0	0	0	0	0	0	0	50,904	0
Local	0	0	0	0	0	0	0	0	0	0	0	0
Fines & Forfeits	0	0	0	0	0	0	0	0	0	0	0	0
Interest & Rental	0	0	0	0	28	0	0	0	0	0	0	0
Other	5	5,886	7,825	12,522	1,592	0	0	0	16	119,121	111,232	1,332
<b>Total Revenues</b>	5	15,000	5,886	7,825	12,550	33,915	0	0	16	119,121	162,136	1,332
<b>EXPENDITURES</b>												
Current												
Judicial	0	0	0	0	0	0	0	0	0	0	0	0
Public Safety	0	0	0	0	0	0	0	0	0	0	0	0
Health & Welfare	0	0	0	0	0	0	0	0	0	0	0	0
Other	0	15,000	7,485	0	13,150	34,642	0	10,000	16	127,450	317,114	961
Debt Payments:	0	0	0	0	0	0	0	0	0	0	0	0
Principal	0	0	0	0	0	0	0	0	0	0	0	0
Interest and Fiscal Charges	0	0	0	0	0	0	0	0	0	0	0	0
<b>Total Expenditures</b>	0	15,000	7,485	0	13,150	34,642	0	10,000	16	127,450	317,114	961
Excess (Deficiency) of Revenue Over Expenditures	5	0	(1,599)	7,825	(600)	(727)	0	(10,000)	0	(8,329)	(154,978)	371
<b>OTHER FINANCING SOURCES (USES)</b>												
Operating Transfers In	0	0	0	0	0	0	0	50,000	0	0	157,354	0
Operating Transfers Out	0	0	0	0	0	0	0	0	0	0	0	0
Sale of Assets	0	0	0	0	0	0	0	0	0	0	0	0
<b>Total Other Financing Sources (Uses)</b>	0	0	0	0	0	0	0	50,000	0	0	157,354	0
Excess (Deficiency) of Revenues & Other Sources over Expenditures and Other Uses	5	0	(1,599)	7,825	(600)	(727)	0	40,000	0	(8,329)	2,376	371
Fund Balance, October 1, 2003	406	0	5,357	8,638	600	12,800	25,680	66,895	3,092	108,596	0	584
Prior Period Adjustments	0	0	0	0	0	0	0	0	0	0	0	0
Fund Balance, September 30, 2004	\$411	\$0	\$3,758	\$16,463	\$0	\$12,073	\$25,680	\$106,895	\$3,092	\$100,267	\$2,376	\$955

The footnotes are an integral part of these financial statements.

**MANISTEE COUNTY, MICHIGAN**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES & CHANGES IN FUND BALANCE**  
**SPECIAL REVENUE FUNDS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2004**

Dive Equipment Fund	County Employee Training	Sheriff's K-9 Unit	911/Central Dispatch	Department Surplus	Juvenile Accountable Fund	Caseflow Assist	JTTPP GRANT	Community Parenting	Community Corrections	Elections	Law Enforcement Technology
<b>REVENUES</b>											
Property Taxes	\$0	\$0	\$867,724	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Licenses & Permits	0	0	0	0	0	0	0	0	0	0	0
Federal	0	0	0	0	0	0	0	0	0	0	56,570
State	0	0	0	0	12,888	0	4,022	0	0	0	23,372
Local	0	0	0	0	0	0	0	0	57,818	0	0
Fines & Forfeits	0	0	0	0	0	0	0	0	0	0	0
Interest & Rental	0	0	2,473	0	0	0	0	0	0	0	0
Other	0	250	74,521	0	0	0	0	0	11,789	0	40
Total Revenues	0	250	944,718	0	12,888	0	4,022	0	69,607	0	79,982
<b>EXPENDITURES</b>											
Current	0	0	0	0	0	0	0	0	0	0	0
Judicial	0	0	0	0	0	0	0	0	0	0	0
Public Safety	0	0	0	0	0	0	0	0	0	0	0
Health & Welfare	0	0	0	0	0	0	2,243	0	0	0	0
Other	781	2,723	635,115	0	8,490	0	0	0	79,804	27,824	54,559
Debt Payments:	0	0	45,000	0	0	0	0	0	0	0	0
Principal	0	0	9,047	0	0	0	0	0	0	0	0
Interest and Fiscal Charges	0	0	0	0	0	0	0	0	0	0	0
Total Expenditures	781	2,723	689,162	0	8,490	0	2,243	0	79,804	27,824	54,559
Excess (Deficiency) of Revenue Over Expenditures	(781)	(2,473)	255,556	0	4,398	0	1,779	0	(10,197)	(27,824)	25,423
<b>OTHER FINANCING SOURCES (USES)</b>											
Operating Transfers In	0	1,000	0	0	0	0	0	0	0	25,000	0
Operating Transfers Out	0	0	0	0	0	0	0	0	0	0	0
Sale of Assets	0	0	0	0	0	0	0	0	0	0	0
Total Other Financing Sources (Uses)	0	1,000	0	0	0	0	0	0	0	25,000	0
Excess (Deficiency) of Revenues & Other Sources over Expenditures and Other Uses	(781)	(1,473)	255,556	0	4,398	0	1,779	0	(10,197)	(2,824)	25,423
Fund Balance, October 1, 2003	1,117	6,090	558,745	70,960	159	4,217	0	0	49,777	54,493	0
Prior Period Adjustments	0	0	0	0	0	0	0	0	0	0	0
Fund Balance, September 30, 2004	\$336	\$4,617	\$814,301	\$70,960	\$4,557	\$4,217	\$1,779	\$0	\$39,580	\$51,669	\$25,423

The footnotes are an integral part of these financial statements.

**MANISTEE COUNTY, MICHIGAN**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES & CHANGES IN FUND BALANCE**  
**SPECIAL REVENUE FUNDS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2004**

	District Court Services Fund	Automation Register Deed Fund	MSHDA Maxwelltown Grant	F.I.A. Benzie Co. Fund	Juvenile Outreach Fund	Non-Secure Detention Fund	Brownfield Redevelopment Authority	Juvenile Drug Court	Blacker Airport Authority	Total 2004
<b>REVENUES</b>										
Property Taxes	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0		\$867,724
Licenses & Permits	0	0	0	0	0	0	0	0		\$0
Federal	0	0	0	0	0	0	0	0		\$88,893
Slate	0	0	116,719	0	0	0	0	35,217		\$545,193
Local	0	0	0	11,120	0	9	0	27,335		\$96,282
Fines & Forfeits	0	0	0	0	0	0	0	0		\$7,000
Interest & Rental	0	0	0	0	0	0	0	0		\$2,501
Other	167,845	50,925	0	10,000	0	0	0	200	163,153	\$771,761
<b>Total Revenues</b>	<b>167,845</b>	<b>50,925</b>	<b>116,719</b>	<b>21,120</b>	<b>0</b>	<b>9</b>	<b>0</b>	<b>62,752</b>	<b>163,153</b>	<b>\$2,379,354</b>
<b>EXPENDITURES</b>										
Current										
Judicial	0	0	0	0	0	0	0	0	0	\$0
Public Safety	0	0	0	0	0	0	0	0	0	\$0
Health & Welfare	0	0	0	0	0	0	0	0	0	\$254,483
Other	69,854	0	112,665	20,140	0	0	0	53,384	159,005	\$1,916,969
Debt Payments:										\$0
Principal	0	0	0	0	0	0	0	0	0	\$45,000
Interest and Fiscal Charges	0	0	0	0	0	0	0	0	0	\$9,047
<b>Total Expenditures</b>	<b>69,854</b>	<b>0</b>	<b>112,665</b>	<b>20,140</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>53,384</b>	<b>159,005</b>	<b>2,225,499</b>
<b>Excess (Deficiency) of Revenue</b>										
Over Expenditures	37,991	50,925	4,054	980	0	9	0	9,368	4,148	153,855
<b>OTHER FINANCING SOURCES (USES)</b>										
Operating Transfers In	10,000	0	0	0	0	0	0	0	0	360,703
Operating Transfers Out	0	0	0	0	0	0	0	0	0	(9,600)
Sale of Assets	0	0	0	0	0	0	0	0	0	0
<b>Total Other Financing Sources (Uses)</b>	<b>10,000</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>351,103</b>
<b>Excess (Deficiency) of Revenues &amp; Other Sources over Expenditures and Other Uses</b>	<b>47,991</b>	<b>50,925</b>	<b>4,054</b>	<b>980</b>	<b>0</b>	<b>9</b>	<b>0</b>	<b>9,368</b>	<b>4,148</b>	<b>504,958</b>
<b>Fund Balance, October 1, 2003</b>	<b>0</b>	<b>20,341</b>	<b>0</b>	<b>12,317</b>	<b>2,518</b>	<b>3</b>	<b>600</b>	<b>0</b>	<b>19,368</b>	<b>1,362,449</b>
<b>Prior Period Adjustments</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Fund Balance, September 30, 2004</b>	<b>\$47,991</b>	<b>\$71,266</b>	<b>\$4,054</b>	<b>\$13,297</b>	<b>\$2,518</b>	<b>\$12</b>	<b>\$600</b>	<b>\$9,368</b>	<b>\$23,516</b>	<b>\$1,867,407</b>

The footnotes are an integral part of these financial statements.

## Enterprise Funds



**MANISTEE COUNTY, MICHIGAN**  
**COMBINING BALANCE SHEET**  
**ENTERPRISE FUNDS**  
**SEPTEMBER 30, 2004**

	Medical Care Facility	Total
<b>ASSETS</b>		
Cash	\$38,280	\$38,280
Accounts Receivable	624,268	624,268
Assets Limited as to Use	1,506,678	1,506,678
Property and Equipment	2,724,642	2,724,642
Prepaid Insurance	55,163	55,163
Inventories	0	0
Other Assets	41,605	41,605
Total Assets	4,990,636	4,990,636
<b>LIABILITIES &amp; FUND EQUITY</b>		
Accounts Payable	323,325	323,325
Compensated Absences	725,943	725,943
Salaries and Related Liabilities	133,991	133,991
Maintenance of Effort	0	0
Due to Other Local Units	0	0
Other Current Liabilities	38,095	38,095
Third-party settlements	195,000	195,000
Deferred Revenue	0	0
Total Liabilities	1,416,354	1,416,354
Fund Equity		
Retained Earnings	3,574,282	3,574,282
Total Liabilities & Fund Equity	\$4,990,636	\$4,990,636

**MANISTEE COUNTY, MICHIGAN**  
**STATEMENT OF REVENUES, EXPENSES & CHANGES IN RETAINED EARNINGS**  
**PROPRIETARY FUND**  
**SEPTEMBER 30, 2004**

	Medical Care Facility	Total
OPERATING REVENUES		
Charges for Services	\$6,549,917	\$6,549,917
Property Taxes	374,421	374,421
Shared Revenue	205,372	205,372
Other Revenue	337,871	337,871
Total Operating Revenue	7,467,581	7,467,581
OPERATING EXPENSES		
Employee Salaries	3,909,570	3,909,570
Maintenance of Effort	186,991	186,991
Depreciation	0	0
Other	2,857,219	2,857,219
Total Operating Expenses	6,953,780	6,953,780
OPERATING INCOME (LOSS)	513,801	513,801
NON-OPERATING REVENUES		
Interest Income	12,295	34,651
Non-Operating Gains	0	0
Depreciation on Fixed Assets Acquired by Grant	0	0
OTHER FINANCING SOURCES (USES)		
Operating Transfers In		
Operating Transfers Out	0	
Total Other Financing Sources (Uses)	0	0
NET INCOME (LOSS)	526,096	526,096
RETAINED EARNINGS, BEGINNING	3,048,186	3,048,186
PRIOR PERIOD ADJUSTMENTS		0
RETAINED EARNINGS, ENDING	\$3,574,282	\$3,574,282

**MANISTEE COUNTY, MICHIGAN**  
**COMBINING STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
**FOR THE PERIOD ENDED SEPTEMBER 30, 2004**

	Medical Care Facility	Total
<b>OPERATING ACTIVITIES</b>		
Cash received from residents and third-party payors	\$6,671,267	\$6,671,267
Cash paid to employees and suppliers	(6,508,706)	(6,508,706)
Proportionate share receipts	205,372	205,372
Property tax receipts	374,421	374,421
	<hr/>	<hr/>
Operating Activities	742,354	742,354
<b>NON-CAPITAL FINANCING ACTIVITIES</b>		
Contributions (withdrawals)	(922)	(922)
Net Cash Provided for by Non-Financing Activities	<hr/> (922) <hr/>	<hr/> (922) <hr/>
<b>INVESTING ACTIVITIES</b>		
Interest Received	12,295	12,295
Sale (purchase) of assets limited as to use	754,400	754,400
Deposits to Deferred Compensation Plan	0	0
Net Cash Provided By (Used In)	<hr/>	<hr/>
Investing Activities	766,695	766,695
<b>FINANCING ACTIVITIES</b>		
Proceeds from local Grant	0	0
Purchase of Property and Equipment	(1,450,788)	(1,450,788)
Net Cash Provided By (Used In)	<hr/> (1,450,788) <hr/>	<hr/> (1,450,788) <hr/>
Financing Activities	(1,450,788)	(1,450,788)
Net Increase (Decrease) in Cash & Cash Equivalents	57,339	57,339
Cash & Cash Equivalents, Oct. 1	<hr/> 355,499 <hr/>	<hr/> 355,499 <hr/>
Cash & Cash Equivalents, Sept. 30	<hr/> \$412,838 <hr/>	<hr/> \$412,838 <hr/>

## Debt Service Funds

MANISTEE COUNTY, MICHIGAN  
BALANCE SHEET  
COMBINED DEBT SERVICE FUND  
SEPTEMBER 30, 2004

	Building Authority Debt	Jail Building Bond	Combined Debt Service Funds
ASSETS			
Cash	\$3,305	\$85,012	\$88,317
Taxes Receivable	0	73,470	73,470
TOTAL ASSETS	<u>\$3,305</u>	<u>\$158,482</u>	<u>\$161,787</u>
LIABILITIES AND FUND BALANCE			
Notes Payable	\$0	\$4,294	\$4,294
Deferred Revenue	0	73,470	73,470
Fund Balance	<u>3,305</u>	<u>80,718</u>	<u>84,023</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$3,305</u>	<u>\$158,482</u>	<u>\$161,787</u>

The footnotes are an integral part of these Financial Statements.

**MANISTEE COUNTY, MICHIGAN**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES & CHANGES IN**  
**FUND BALANCE**  
**COMBINED DEBT SERVICE FUND**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2004**

	Building Authority Debt	Jail Building Bond	Combined Debt Service Funds
REVENUES			
Revenue Tax	\$0	\$104,049	\$104,049
Interest	0	0	0
Other Revenue	0	0	0
	0	104,049	104,049
EXPENDITURES			
Principle	49,250	80,000	129,250
Interest	121,900	8,834	130,734
Other	2,196	8,834	11,030
Total Expenditures	173,346	97,668	271,014
Excess (Deficiency) of Revenue Over Expenditures	(173,346)	6,381	(166,965)
Other Financing Sources (Uses)			
Proceeds from financing	0	0	0
Operating Transfers In	173,900	3,797	177,697
Operating Transfers Out	0	0	0
Total Other Financing Sources (Uses)	173,900	3,797	177,697
Excess (Deficiency) of Revenue Over Expenditures & Sources Over Expenditures and Other Uses	554	10,178	10,732
Fund Balance, October 1	2,751	70,540	73,291
Fund Balance, September 30	\$3,305	\$80,718	\$84,023

The footnotes are an integral part of these Financial Statements.

## Capital Projects Funds

MANISTEE COUNTY, MICHIGAN  
BALANCE SHEET  
CAPITAL PROJECT FUND  
SEPTEMBER 30, 2004

	Building Authority Construction	Jail Expansion Construction	Total
ASSETS			
Cash	\$6,780	\$1,240	\$8,020
Work In Process	0		0
Taxes Receivable		0	0
Total Assets	6,780	1,240	8,020
LIABILITIES & FUND EQUITY			
Liabilities			
Accounts Payable	1,900	0	1,900
Deferred Revenue	0	0	0
Interest Payable	0	0	0
Total Liabilities	1,900	0	1,900
Fund Balance			
Unreserved	4,880	1,240	6,120
Total Liabilities & Fund Equity	\$6,780	\$1,240	\$8,020

The footnotes are an integral part of these Financial Statements.



**MANISTEE COUNTY, MICHIGAN**  
**STATEMENT OF REVENUES, EXPENDITURES & CHANGES IN**  
**FUND BALANCE**  
**CAPITAL PROJECT FUND**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2004**

	Building Authority Dept	Jail Expansion Project	Total
<b>REVENUES</b>			
Taxes	\$0	\$0	\$0
Grant	0		0
Interest	0	0	0
<b>Total Revenue</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>EXPENDITURES</b>			
Payment on Installment Purchase	0	71,651	71,651
Capital Outlay	0	0	0
Miscellaneous Expense	13,579	0	13,579
<b>Excess (Deficiency) of Revenue Over Expenditures</b>	<b>(13,579)</b>	<b>(71,651)</b>	<b>(85,230)</b>
<b>Other Financing Sources (Uses)</b>			
Proceeds from Debt	0	0	0
Operating Transfers In	0	72,891	72,891
Operating Transfers Out	0	0	0
<b>Total Other Financing Sources (Uses)</b>	<b>0</b>	<b>72,891</b>	<b>72,891</b>
<b>Excess (Deficiency) of Revenue Over Expenditures and Other Sources Over Expenditures and Other Uses</b>	<b>(13,579)</b>	<b>1,240</b>	<b>(12,339)</b>
			0
<b>Fund Balance, October 1</b>	<b>18,459</b>	<b>0</b>	<b>18,459</b>
<b>Fund Balance, September 30</b>	<b>\$4,880</b>	<b>\$1,240</b>	<b>\$6,120</b>

The footnotes are an integral part of these Financial Statements.

## Internal Service Funds

**MANISTEE COUNTY, MICHIGAN**  
COMBINING BALANCE SHEET  
INTERNAL SERVICE FUND  
SEPTEMBER 30, 2004

	1992 & Prior	1993	1994	1995	1996	1997	1998	1999	2000	2001
	Delinquent	Delinquent	Delinquent	Delinquent	Delinquent	Delinquent	Delinquent	Delinquent	Delinquent	Delinquent
	Tax Fund	Tax Fund	Tax Fund	Tax Fund	Tax Fund	Tax Fund	Tax Fund	Tax Fund	Tax Fund	Tax Fund
<b>ASSETS</b>										
Cash & Investments	\$1,204,195	\$28,641	\$0	\$1,217	\$0	\$0	\$0	\$0	\$13,412	\$604,518
Delinquent Tax Rec.	0	0	167	167	338	896	2,753	258	1,177	7,206
Other Assets	0	0	0	0	0	6,994	0	0	0	0
<b>Total Assets</b>	<b>1,204,195</b>	<b>28,641</b>	<b>167</b>	<b>1,384</b>	<b>338</b>	<b>7,890</b>	<b>2,753</b>	<b>258</b>	<b>14,589</b>	<b>611,724</b>
<b>LIABILITIES &amp; FUND EQUITY</b>										
Accounts Payable	0	0	4	0	0	54	8	3,947	2,302	(1,520)
Notes Payable	0	0	0	0	0	0	1,000,000	0	0	0
<b>Total Liabilities</b>	<b>0</b>	<b>0</b>	<b>4</b>	<b>0</b>	<b>0</b>	<b>54</b>	<b>1,000,008</b>	<b>3,947</b>	<b>2,302</b>	<b>(1,520)</b>
<b>Fund Equity</b>										
Retained Earnings	1,204,195	28,641	163	1,384	338	7,836	(997,255)	(3,689)	12,287	613,244
<b>Total Liabilities &amp; Fund Equity</b>	<b>\$1,204,195</b>	<b>\$28,641</b>	<b>\$167</b>	<b>\$1,384</b>	<b>\$338</b>	<b>\$7,890</b>	<b>\$2,753</b>	<b>\$258</b>	<b>\$14,589</b>	<b>\$611,724</b>

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The footnotes are an integral part of these financial statements.

**MANISTEE COUNTY, MICHIGAN**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES & CHANGES IN**  
**RETAINED EARNINGS**  
**INTERNAL SERVICE FUNDS**  
**SEPTEMBER 30, 2004**

	1992 & Prior	1993	1994	1995	1996	1997	1998	1999	2000	2001
	Delinquent Tax Fund	Delinquent Tax Fund	Delinquent Tax Fund	Delinquent Tax Fund	Delinquent Tax Fund	Delinquent Tax Fund	Delinquent Tax Fund	Delinquent Tax Fund	Delinquent Tax Fund	Delinquent Tax Fund
<b>OPERATING REVENUES</b>										
Charges For Services	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Other	7	0	0	0	0	360	306	307	2,294	12,917
<b>Total Operating Revenue</b>	<b>7</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>360</b>	<b>306</b>	<b>307</b>	<b>2,294</b>	<b>12,917</b>
<b>OPERATING EXPENSES</b>										
Employee Benefits	0	0	0	0	0	0	0	0	0	0
Other	102	0	37	0	0	126	483	0	299	10,265
<b>Total Operating Expenses</b>	<b>102</b>	<b>0</b>	<b>37</b>	<b>0</b>	<b>0</b>	<b>126</b>	<b>483</b>	<b>0</b>	<b>299</b>	<b>10,265</b>
<b>OPERATING INCOME (LOSS)</b>	<b>(95)</b>	<b>0</b>	<b>(37)</b>	<b>0</b>	<b>0</b>	<b>234</b>	<b>483</b>	<b>0</b>	<b>299</b>	<b>10,265</b>
<b>NON-OPERATING REVENUES</b>										
Interest Income	110	1,318	24	34	13	28	352	600	268	41,507
<b>OTHER FINANCING SOURCES (USES)</b>										
Unrealized loss on Investment	0	0	0	0	0	0	0	0	0	0
Operating Transfers In	0	0	0	0	0	0	0	0	0	0
Operating Transfers Out	(72,450)	(75,493)	(8,326)	(11,012)	(3,555)	(15,744)	(99,240)	(61,174)	(364,771)	0
<b>Total Other Financing Sources (Uses)</b>	<b>(72,450)</b>	<b>(75,493)</b>	<b>(8,326)</b>	<b>(11,012)</b>	<b>(3,555)</b>	<b>(15,744)</b>	<b>(99,240)</b>	<b>(61,174)</b>	<b>(364,771)</b>	<b>0</b>
<b>NET INCOME (LOSS)</b>	<b>(72,435)</b>	<b>(74,175)</b>	<b>(8,339)</b>	<b>(10,978)</b>	<b>(3,542)</b>	<b>(15,482)</b>	<b>(99,065)</b>	<b>(60,267)</b>	<b>(362,508)</b>	<b>44,159</b>
<b>RETAINED EARNINGS, OCTOBER 1</b>	<b>1,276,630</b>	<b>102,816</b>	<b>8,502</b>	<b>12,362</b>	<b>3,880</b>	<b>23,318</b>	<b>(898,190)</b>	<b>56,578</b>	<b>374,795</b>	<b>569,085</b>
<b>RETAINED EARNINGS, SEPT 30</b>	<b>\$1,204,195</b>	<b>\$28,641</b>	<b>\$163</b>	<b>\$1,384</b>	<b>\$338</b>	<b>\$7,836</b>	<b>(\$997,255)</b>	<b>(\$3,689)</b>	<b>\$12,287</b>	<b>\$613,244</b>

The footnotes are an integral part of these financial statements.

**MANISTEE COUNTY, MICHIGAN**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES & CHANGES IN**  
**RETAINED EARNINGS**  
**INTERNAL SERVICE FUNDS**  
**SEPTEMBER 30, 2004**

	2002 Delinquent Tax Fund	2003 Delinquent Tax Fund	Tax Refunds	Revolving State Sales Tax Fund	Compensated Services Reserve	County Vehicle Fund	Employee Health Insurance Fund	Employee Separations Fund	Unemployment Fund	Total 2004
<b>OPERATING REVENUES</b>										
Charges For Services	\$27,977	\$47,293	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$75,270
Other	32,796	3,093	0	22,079	97,181	0	338,528	0	0	509,868
<b>Total Operating Revenue</b>	<b>60,773</b>	<b>50,386</b>	<b>0</b>	<b>22,079</b>	<b>97,181</b>	<b>0</b>	<b>338,528</b>	<b>0</b>	<b>0</b>	<b>585,138</b>
<b>OPERATING EXPENSES</b>										
Employee Benefits	0	0	0	0	536,269	0	1,312,571	26,564		1,875,404
Other	182	2,075	3,141	153	0	38,324	0	0	1,701	56,888
<b>Total Operating Expenses</b>	<b>182</b>	<b>2,075</b>	<b>3,141</b>	<b>153</b>	<b>536,269</b>	<b>38,324</b>	<b>1,312,571</b>	<b>26,564</b>	<b>1,701</b>	<b>1,932,292</b>
<b>OPERATING INCOME (LOSS)</b>	<b>182</b>	<b>2,075</b>	<b>3,141</b>	<b>21,926</b>	<b>(439,088)</b>	<b>(38,324)</b>	<b>(974,043)</b>	<b>(26,564)</b>	<b>(1,701)</b>	<b>(1,347,154)</b>
<b>NON-OPERATING REVENUES</b>										
Interest Income	88,882	41,287	0	0	0	0	0	0	0	174,423
<b>OTHER FINANCING SOURCES (USES)</b>										
Unrealized loss on Investment	0	0	0	0	0	0	0	0	0	0
Operating Transfers In	0	1,582,861	16,000	0	385,140	45,000	958,310	57,205	0	3,044,516
Operating Transfers Out	(1,192,051)	0	0	0	0	0	0	0	0	(1,903,816)
<b>Total Other Financing Sources (Uses)</b>	<b>(1,192,051)</b>	<b>1,582,861</b>	<b>16,000</b>	<b>0</b>	<b>385,140</b>	<b>45,000</b>	<b>958,310</b>	<b>57,205</b>	<b>0</b>	<b>1,140,700</b>
<b>NET INCOME (LOSS)</b>	<b>(1,042,578)</b>	<b>1,672,459</b>	<b>12,859</b>	<b>21,926</b>	<b>(53,948)</b>	<b>6,676</b>	<b>(15,733)</b>	<b>30,641</b>	<b>(1,701)</b>	<b>(32,031)</b>
<b>RETAINED EARNINGS, OCTOBER 1</b>	<b>102,061</b>	<b>0</b>	<b>9,574</b>	<b>14,748</b>	<b>89,511</b>	<b>31,957</b>	<b>49,632</b>	<b>21,346</b>	<b>21,886</b>	<b>1,870,491</b>
<b>RETAINED EARNINGS, SEPT 30</b>	<b>(\$940,517)</b>	<b>\$1,672,459</b>	<b>\$22,433</b>	<b>\$36,674</b>	<b>\$35,563</b>	<b>\$38,633</b>	<b>\$33,899</b>	<b>\$51,987</b>	<b>\$20,185</b>	<b>\$1,838,460</b>

The footnotes are an integral part of these financial statements.

**MANISTEE COUNTY, MICHIGAN**  
**COMBINING STATEMENT OF CASH FLOWS**  
**INTERNAL SERVICE FUNDS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2004**

	1992 & Prior	1993	1994	1995	1996	1997	1998	1999	2000	2001
	Delinquent	Delinquent	Delinquent	Delinquent	Delinquent	Delinquent	Delinquent	Delinquent	Delinquent	Delinquent
	Tax Fund	Tax Fund	Tax Fund	Tax Fund	Tax Fund	Tax Fund	Tax Fund	Tax Fund	Tax Fund	Tax Fund
<b>OPERATING ACTIVITIES</b>										
Net income (Loss)	(\$72,435)	(\$74,175)	(\$8,339)	(\$10,978)	(\$3,542)	(\$15,482)	(\$99,065)	(\$60,267)	(\$362,508)	\$44,159
Adjustment to Reconcile Net Income to Net Cash Provided by Operating Activities:										
(Increase) Decrease in Current Assets:										
Delinquent Tax Rec. Accounts Receivable	0	0	0	0	0	896	2,753	258	1,177	7,206
Other Current Assets	0	0	0	0	0	0	0	0	0	0
Increase (Decrease) in Accounts Payable Due to Other Local Units	0	0	0	0	0	54	8	3,947	2,302	(1,520)
	0	0	0	0	0	0	0	0	0	0
Net Cash Provided by (Used In) Operating Activities	(72,435)	(74,175)	(8,339)	(10,978)	(3,542)	(17,434)	(93,258)	(54,397)	(354,149)	178,985
<b>FINANCING ACTIVITIES</b>										
Principle Payments on Notes	0	0	0	0	0	0	0	0	0	0
Proceeds from Issuance of Long-term Debt	0	0	0	0	0	0	0	0	0	0
Net Cash Provided By (Used In) Financing Activities	0	0	0	0	0	0	0	0	0	0
Net Increase (Decrease) in Cash & Cash Equivalents	(72,435)	(74,175)	(8,339)	(10,978)	(3,542)	(17,434)	(93,258)	(54,397)	(354,149)	178,985
Cash & Cash Equivalents, Oct. 1	1,276,630	1,028,816	8,339	12,195	3,542	17,434	93,258	54,397	367,561	425,533
Prior Period Adjustment										
Cash & Cash Equivalents, Sept. 30	\$1,204,195	\$28,641	\$0	\$1,217	\$0	\$0	\$0	\$0	\$13,412	\$604,518

The footnotes are an integral part of these financial statements.

**MANISTEE COUNTY, MICHIGAN**  
**COMBINING STATEMENT OF CASH FLOWS**  
**INTERNAL SERVICE FUNDS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2004**

	2002 Delinquent Tax Fund	2003 Delinquent Tax Fund	Tax Refunds	Revolving State Sales Tax Fund	Compensated Services Reserve	County Vehicle Fund	Employee Health Insurance Fund	Employee Separations Fund	Unemployment Fund	Total 2004
<b>OPERATING ACTIVITIES</b>										
Net Income (Loss)	(\$1,042,578)	\$1,672,459	\$0	\$21,926	(\$53,948)	\$6,676	(\$15,733)	\$30,641	(\$1,701)	(\$44,890)
Adjustment to Reconcile Net Income to Net Cash Provided by Operating Activities:										
	(1,018,869)	(1,586,554)	22,433	0	57,014	0	101,461	0	0	(2,288,686)
(Increase) Decrease in Current Assets:										
Delinquent Tax Rec. Accounts Receivable	130,942	793,277	0	0	0	0	0	0	0	936,509
Other Current Assets					7,269	0	20,786	0	0	28,055
Increase (Decrease) in										
Accounts Payable	1,604,088	0	0	0	0	0	803	0	0	1,609,682
Due to Other Local Units	0	0	0	0	0	0	0	0	0	0
Net Cash Provided by (Used In) Operating Activities	(326,417)	879,182	22,433	21,926	10,335	6,676	107,317	30,641	(1,701)	240,670
<b>FINANCING ACTIVITIES</b>										
Principle Payments on Notes	0	0	0	0	0	0	0	0	0	0
Proceeds from Issuance of Long- term Debt	0	0	0	0	0	0	0	0	0	0
Net Cash Provided By (Used In) Financing Activities	0	0	0	0	0	0	0	0	0	0
Net Increase (Decrease) in Cash & Cash Equivalents	(326,417)	879,182	22,433	21,926	10,335	6,676	107,317	30,641	(1,701)	240,670
Cash & Cash Equivalents, Oct. 1	859,046	0	0	14,748	17,959	31,957	(93,401)	21,346	21,886	3,235,246
Prior Period Adjustment										0
Cash & Cash Equivalents, Sept. 30	\$532,629	\$879,182	\$22,433	\$36,674	\$28,294	\$38,633	\$13,916	\$51,967	\$20,185	\$3,475,916

The footnotes are an integral part of these financial statements.



## FEDERAL FINANCIAL ASSISTANCE

BRANDISLE COUNTY, MICHIGAN  
SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE  
FOR THE YEAR ENDED SEPTEMBER 30, 2004

FEDERAL GRANTOR  
Pass Through Grantor  
Program Title

US DEPARTMENT OF HEALTH & HUMAN SERVICES

Michigan Family Independence Agency  
Friend of the Court Co-operative

04		\$0	\$298,506	\$431,731	\$133,225
03		57,463	57,463	0	0
Total	93,563	57,463	355,969	431,731	133,225

Prosecuting Attorney Co-operative

04		0	8,374	12,102	3,728
03		11,463	11,463	0	0
Total	93,563	11,463	19,837	12,102	3,728

Title IV-D Incentive Program

03		15,239	15,239	0	0
04			42,757	51,281	8,524
Total		15,239	57,996	51,281	8,524

IV-D Medical Support

04		0	4,102	6,325	2,223
03		709	709	0	0
Total		709	4,811	6,325	2,223

Total Family Independence Agency

		84,874	438,613	501,439	147,700
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FEDERAL EMERGENCY MANAGEMENT

Michigan Department of State Police  
Emergency Services Program  
Total Federal Emergency Management

04	83,530	0	26,821	33,110	6,289
		0	26,821	33,110	6,289

DEPARTMENT OF TRANSPORTATION

Michigan State Police  
Secondary Road Patrol

03		38,467	38,467	0	0
04		0	46,128	72,138	26,010
Total Department of Transportation	20,600	38,467	84,595	72,138	26,010

US DEPARTMENT OF JUSTICE

Michigan State Police  
Weapons and Mass Destruction

04	16,010	0	38,557	38,557	
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SSCENT

03		6,848	6,848		
04		0	20,339	30,763	10,424
Total SSCENT	16,580	6,848	27,187	30,763	10,424
Total Department of Justice		6,848	65,744	69,320	10,424

Total Michigan State Police

		45,315	177,160	174,568	42,723
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The footnotes are an integral part of these Financial Statements.

**MANISTEE COUNTY, MICHIGAN**  
**SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2003**

FEDERAL GRANT (or Pass Through Grant or Program Title)	CFDA No.	Accounts Receivable	Current Revenue	Current Expenditures	Accounts Receivable
FEDERAL TRANSPORTATION SECURITY					
Michigan State Police Airport Security	02-03	6,418	6,418	0	0
	03-04		19,912	24,580	4,668
Total		6,418	26,330	24,580	4,668
Department of Housing and Urban Development					
Michigan State Housing Development Authority Community Development Block Grant	04	0	0	18,980	18,980
HOME					
	04	0	53,846	97,446	43,600
	03	7,997	7,997	0	0
Total	14,239	7,997	61,843	97,446	43,600
Total Department of Housing and Urban Dev		7,997	61,843	116,426	62,580
US Department of Agriculture					
Commercial Forest	10,670		445	445	
US Forest Service Patrol Assistance					
	04		3,750	3,750	
	03	1,811	1,811	0	0
Total		1,811	5,561	3,750	0
Total US Department of Agriculture		1,811	6,006	4,195	0
TOTAL FEDERAL FINANCIAL ASSISTANCE					
		146,415	709,952	821,208	257,671

The footnotes are an integral part of these Financial Statements.

## SCHEDULE OF FINDINGS AND QUESTIONED COSTS

### Section I - Summary of Auditor's Results

#### Financial Statements

Type of auditor's report issues:	Unqualified
Internal Control over financial reporting:	
Material weakness identified?	No
Reportable conditions identified that are not considered to be material	No
Noncompliance material to financial statements noted	No

#### Federal Awards

Internal control over major programs:	
Material weakness identified?	No
Reportable conditions identified that are not considered to be material	No
Type of auditor's report issued on compliance for major programs	Unqualified
Any audit findings disclosed that are required to be reported in accordance with section 510(a) of circular A-133	No

#### Identification of Major Programs

<u>CFDA Number</u>	<u>Name of Federal Program</u>
93.563	Friend of the Court Cooperative
	Prosecuting Attorney Cooperative
	Title IV-D Incentive Program
14.228	Community Development Block Grant

Dollar threshold used to distinguish Type A and Type B programs	\$500,000
Auditee qualified as low-risk auditee	Yes

### Section II - Financial Statement Findings

None

### Section III - Federal Award Findings and Questioned Costs

No matters were reported